



# TYCOON

滿貫集團控股有限公司

Tycoon Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code : 3390



寶和堂

金門強效  
一條根

BG  
PRO

BOOST & GUARD PRO  
博健專研

和漢  
匠心

Craft by WAKAN

ANNUAL REPORT

# 2025

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Director

Mr. Wong Ka Chun Michael  
*(Chairman and Chief Executive Officer)*

### Non-executive Directors

Ms. Li Ka Wa Helen  
Mr. Lau Ka On David  
Ms. Liang Yan  
Mr. Cao Ran (appointment effective on 1 July 2025)  
Mr. Ng Kwan Ho (appointment effective on 1 July 2025)  
Mr. Cao Weiyong (resignation effective on 10 January 2025)  
Mr. Hu Yang (appointment effective on 10 January 2025 and resignation effective on 1 July 2025)

### Independent non-executive Directors

Mr. Chung Siu Wah  
Ms. Chan Ka Lai Vanessa  
Mr. Mak Chung Hong  
*(also known as Mak Tommy Chung Hong)*

## AUDIT COMMITTEE

Ms. Chan Ka Lai Vanessa *(Chairwoman)*  
Mr. Chung Siu Wah  
Mr. Mak Chung Hong

## REMUNERATION COMMITTEE

Mr. Mak Chung Hong *(Chairman)*  
Mr. Chung Siu Wah  
Ms. Chan Ka Lai Vanessa

## NOMINATION COMMITTEE

Mr. Chung Siu Wah *(Chairman)*  
Ms. Chan Ka Lai Vanessa  
Mr. Mak Chung Hong

## CORPORATE GOVERNANCE COMMITTEE

Mr. Wong Ka Chun Michael *(Chairman)*  
Mr. Chung Siu Wah  
Mr. Mak Chung Hong

## COMPANY SECRETARY

Mr. Cheung Yuk Chuen (CPA, ACCA)

## AUTHORISED REPRESENTATIVES

Mr. Wong Ka Chun Michael  
Mr. Cheung Yuk Chuen

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 14, 8/F  
Wah Wai Centre  
38-40 Au Pui Wan Street  
Shatin, New Territories  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## HONG KONG LEGAL ADVISER

LCH Lawyers LLP

## AUDITOR

Crowe (HK) CPA Limited  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
9/F Leighton Centre  
77 Leighton Road  
Causeway Bay  
Hong Kong

## PRINCIPAL BANKERS

United Overseas Bank Limited  
The Bank of East Asia, Limited  
The Hongkong and Shanghai Banking Corporation Limited  
Hang Seng Bank Limited  
DBS Bank (Hong Kong) Limited

## COMPANY WEBSITE

[www.tycoongroup.com.hk](http://www.tycoongroup.com.hk)

## STOCK CODE

3390

# Financial Highlights

## For the year ended 31 December

	2025 HK\$'000	2024 HK\$'000	Change
Revenue			
– Distribution	701,572	699,649	0.3%
– E-commerce	243,372	–	N/A
– Retail store	151,693	176,388	(14.0%)
<b>Total</b>	<b>1,096,637</b>	<b>876,037</b>	<b>25.2%</b>
Gross profit	270,036	232,655	16.1%
Gross profit margin (%)	24.6%	26.6%	
Profit attributable to equity holders of the Company	15,670	3,240	383.6%
Profit margin attributable to equity holders of the Company (%)	1.5%	0.4%	
EBITDA (non-HKFRS measure) <i>(Note)</i>	64,007	41,934	52.6%
EBITDA margin (%) (non-HKFRS measure)	5.8%	4.8%	
Return on equity (%)	3.0%	0.7%	

## As at 31 December

	2025 HK\$'000	2024 HK\$'000	Change
Total assets	1,170,263	1,005,563	16.4%
Total liabilities	625,035	516,606	21.0%
Total equity	545,228	488,957	11.5%

### Note:

EBITDA is a non-HKFRS measure used by the management for monitoring the core business performance of the Group. EBITDA is calculated based on profit for the year (FY2025: HK\$15,484,000; FY2024: HK\$6,027,000) before interest (FY2025: HK\$21,966,000; FY2024: HK\$21,212,000), tax (FY2025: tax expense HK\$1,988,000; FY2024: tax credit HK\$566,000), depreciation and amortisation (FY2025: HK\$24,569,000; FY2024: HK\$15,261,000), where “interest” is regarded as including finance income and finance costs.

### Non-GAAP measures

Certain non-GAAP (generally accepted accounting principles) measures, such as EBITDA, are used by the management for monitoring the core business performance of the Group. These non-GAAP measures are not expressly permitted measures under GAAP in Hong Kong and may not be comparable to similarly titled measures for other companies. Accordingly, such non-GAAP measures should not be considered as an alternative to operating income as an indicator of the operating performance of the Group or as an alternative to cash flows from operating activities as a measure of liquidity. The use of non-GAAP measures is provided solely to enhance the overall understanding of the Group's current financial performance. Additionally because the Group has historically reported certain non-GAAP results to investors, the Group considers the inclusion of non-GAAP measures provides consistency in its financial reporting.

The Company has elected not to disclose adjusted net profit (a non-HKFRS measure) for FY2025, unlike in its annual report for FY2024. Management previously used adjusted net profit, alongside other non-HKFRS measures, to monitor the Group's core business performance. Disclosure of the adjusted net profit for FY2024 (with FY2023 comparative figure) was deemed necessary due to material impacts from the disposal of certain subsidiaries took place in FY2023. However, following the Group's re-gaining of control over these subsidiaries in March 2025 with their results re-consolidated thereafter, the management considers the presentation of the adjusted net profit unnecessary as the figures presented under the HKFRS now appropriately reflect ongoing operations.

# Chairman's Statement



Dear Honourable Shareholders:

On behalf of the board (“**Board**”) of directors (“**Directors**”) of Tycoon Group Holdings Limited (“**Company**” or “**Tycoon**”), I am pleased to present to you the annual report (“**Annual Report**”) of the Company and its subsidiaries (collectively, the “**Group**” or “**Tycoon Group**”) for the year ended 31 December 2025 (“**Financial Year**” or “**FY2025**”).

## PERFORMANCE BACK ON TRACK: GROWTH ENGINES RUNNING AT FULL CAPACITY

The Group primarily sells health supplements and proprietary Chinese medicines (“**PCM**”) products, and as such, Hong Kong’s retail market conditions and the spending power of residents and tourists are closely related to the Group’s revenue. Last year, the Hong Kong economy demonstrated stronger performance; however, the industry still faced challenges such as changing consumption patterns and rising rental and operational costs. In a challenging operating environment, the Group maintained its resilience in adversity by closely monitoring market conditions and consumer preferences, adjusting strategies accordingly and continuously innovating. Many health products under the Group remained bestsellers, driving sales growth and successfully achieving a turnaround from loss to profit.

During the year, the Group recorded revenue of approximately HK\$1,096.6 million (FY2024: HK\$876.0 million), representing a year-on-year increase of 25.2%; net profit rebounded to approximately HK\$15.5 million (FY2024: HK\$6.0 million), representing a year-on-year increase of 156.9%.

Overall distribution sales in Southeast Asia continued to grow, the Group will seize opportunities in the Southeast Asian market, ensuring this business segment continues to serve as a strong growth engine for the Group. Whilst performance has improved, the future operating environment remains uncertain, and the Board has resolved not to recommend a dividend for the Financial Year.

## A PIONEER IN LOCAL PHARMACEUTICAL DISTRIBUTION: LEADING THE CHARGE OVERSEAS AND CULTIVATING THE BLUE OCEAN MARKETS OF SOUTHEAST ASIA

As a pioneer in the local pharmaceutical distribution sector, the Group, with its keen market insight, strategically positioned itself in Southeast Asia years ago, establishing presences and building sales networks in multiple Southeast Asian countries. The rapid business development today fully validates the precision and foresight of the Group's "going global" strategy.

During the year, the Group achieved breakthroughs in brand partnerships, introducing Sido Muncul, Indonesia's largest herbal pharmaceutical brand, as a partner, and obtaining exclusive agency rights for the century-old renowned brand Li Chung Shing Tong Po Chai Pills (李眾勝堂保濟丸) through major chain retail networks in Singapore, successfully expanding the Group's sales network and customer base in Southeast Asia. The Group is determined to become a leading pharmaceutical distributor in the region. In addition to continuing to deepen cultivation of existing markets, the Group will progressively expand into more emerging Southeast Asian countries with high growth potential, making the Southeast Asian distribution business the Group's core growth engine for the future, maintaining a strong upward trajectory.

## TEN YEARS OF DEDICATION: FORGING A BRILLIANT FUTURE

2025 marks an important milestone as the 10th anniversary of the establishment of Tycoon Group. Looking back over the past decade, we have not only accumulated a robust local sales network, an extensive customer base and rich industry experience, but have also successfully positioned ourselves in Southeast Asia and optimised our collaborative and self-owned brand businesses, laying a solid foundation for the Group.

Looking ahead to 2026, the Group will embark on a new chapter, pursuing comprehensive regional coverage of Southeast Asia whilst also targeting the broader Asia-Pacific market as a long-term objective. Tycoon Group's achievements today are built on the trust and support of shareholders, business partners and customers, together with the time and dedication invested by all employees. In the future, the Group looks forward to continuing this journey together and delivering even more impressive results in return.

**Wong Ka Chun Michael**

*Chairman, Executive Director and Chief Executive Officer*

Hong Kong, 31 March 2026

# Management Discussion and Analysis



Tycoon Group is a reputable Hong Kong-based omnichannel marketing and management service integrator of healthcare and wellbeing-related products. The Group specialises in providing one-stop omnichannel brand agency, promotion and marketing, management, distribution, and sales services for PCM, health supplements, skincare, personal care, and other healthcare products. Since its establishment, the Group has worked diligently over the years, covering nearly 100,000 online and offline sales points across Hong Kong, Macau, the People's Republic of China (the “**PRC**” or “**Mainland China**”), and Southeast Asia, representing over 300 local and overseas brands, and actively developing premium self-owned brands as well as collaborative brand products, with a portfolio of more than 2,000 products. Having been established for over a decade, the Group is a diversified industry pioneer in Hong Kong, maintaining a leading market position. Staying true to its mission of bringing health and vitality to consumers, Tycoon Group is committed to delivering reputable and quality products to customers across various regions.

## MARKET REVIEW

In 2025, the Hong Kong economy demonstrated stronger performance, with both visitor arrivals and local private consumption expenditure experiencing recovery. Although the overall economic outlook has brightened, the local retail market recovery has remained slow, with the industry still facing challenges such as changes in local consumer and Individual Visit Scheme traveller spending patterns, as well as pressures from rising rental costs and operational expenses.

Despite the challenging operating environment, the Group has maintained its resilience in adversity by closely monitoring market conditions and consumer preferences, adjusting strategies accordingly, and continuously innovating. Many health products under the Group remained bestsellers, driving sales growth.

Encouragingly, the Group has achieved rapid development and favourable returns in the Southeast Asian market, affirming the appropriateness of the Group's strategic expansion into Southeast Asia in recent years. The Southeast Asian market is experiencing growing dynamism, with the Hong Kong government and numerous enterprises placing greater emphasis on and encouraging businesses to expand overseas. The Group is among the few in the industry that has taken the lead in expanding Southeast Asia and successfully establishing a local presence, possessing extensive experience in the local markets. The Group will seize opportunities to bring more quality products to the blue ocean markets of Southeast Asia and expand its business footprint.

## BUSINESS REVIEW

The Group currently operates three business segments: distribution, retail store, and e-commerce. The Group's distribution business mainly involves distributing consumer products to major chain retailers, non-chain retailers (mainly pharmacies), and traders in Hong Kong, Macau, Mainland China, and Southeast Asia. The retail store business refers to the sale of products at physical brick-and-mortar stores. The e-commerce business focuses primarily on health and wellness-related product e-commerce and distribution in Mainland China. In addition, the Group provides omnichannel marketing management services for represented brands and actively develops both self-owned brands and collaborative brand products.

During FY2025, the Group entered into a subscription agreement ("**Subscription Agreement**") with Jacobson Group Treasury Limited ("**Jacobson Group Treasury**", an indirect wholly-owned subsidiary of Jacobson Pharma Corporation Limited (HKEX Stock Code: 2633)), pursuant to which, Jacobson Group Treasury conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue 94,000,000 ordinary shares of the Company ("**Subscription Shares**") at HK\$0.5 per Subscription Share ("**Subscription**").

The aggregate nominal value of the Subscription Shares was HK\$940,000. The closing price of the shares of the Company on the date of the Subscription Agreement (i.e. 29 April 2025) was HK\$0.4 per share. The subscription price of HK\$0.5 represented a premium of 25% over such closing price and the net issue price per Subscription Share (after deduction of expenses in connection with the Subscription) was approximately HK\$0.497 per Subscription Share. The gross proceeds of the Subscription were HK\$47.0 million, and the net proceeds of the Subscription (after deduction of expenses in connection with the Subscription) were approximately HK\$46.7 million. The net proceeds are intended for investment in core business expansion, supply chain and logistics improvement, and general working capital. For the details of the use of proceeds of the Subscription, please refer to the section headed "Use of proceeds from the Subscription under General Mandate" below. Upon completion of the Subscription, Jacobson Group Treasury held 150.59 million shares, representing about 16.84% of the Group's issued shares. The reasons for the Subscription are to strengthen the Group's financial position, provide working capital for future development and obligations, and further enhance potential strategic cooperation, helping the Group capture emerging market opportunities, optimise financial leverage, and ultimately enhance long-term shareholder value. Jacobson Pharma Corporation Limited and its subsidiaries and associates ("**Jacobson Group**") are the Group's long-term business partner. As at the date of this Annual Report, Jacobson Group's shareholding in the Group's issued shares has increased to 17.04%, making it the Company's second-largest shareholder.

During the Financial Year, the Group was committed to increasing revenue and adopting certain cost control measures. For FY2025, the Group recorded revenue of approximately HK\$1,096.6 million, representing an increase of 25.2% compared to HK\$876.0 million for FY2024; net profit for the Financial Year was approximately HK\$15.5 million (FY2024: HK\$6.0 million), representing a year-on-year increase of 156.9%.

### ***Distribution Business***

In respect of the distribution business, the Group closely followed market demands and launched a range of popular products to stimulate sales. For the Financial Year, Hong Kong distribution sales amounted to HK\$524.2 million, representing a year-on-year decrease of 1.7% (FY2024: HK\$533.0 million); Macau distribution sales were HK\$88.0 million, representing a year-on-year decrease of 1.5% (FY2024: HK\$89.3 million); the Southeast Asian market experienced strong development, with total distribution sales reaching HK\$85.0 million, representing a substantial year-on-year increase of 10.0% (FY2024: HK\$77.3 million). In particular, Singapore distribution sales amounted to HK\$69.6 million, up by 6.1% year-on-year (FY2024: HK\$65.6 million), whilst Malaysia achieved HK\$15.0 million, representing a notable year-on-year increase of 57.3% (FY2024: HK\$ 9.6 million). The Group expects to progressively expand into more Southeast Asian countries in 2026, with the Southeast Asian distribution business continuing to demonstrate robust growth momentum.

### ***Retail Store Business***

The Group conducts its retail store business through Hong Ning Hong Limited (“**HNH**”), a 70%-owned subsidiary since March 2024. The operating subsidiary of HNH is primarily engaged in the retail and wholesale of pharmaceutical products and proprietary medicines in Hong Kong.

During FY2025, HNH opened a new store in Mong Kok, Kowloon, a popular shopping destination for tourists seeking PCM, health supplements, and souvenirs, as well as a local consumer hotspot. Establishing a store in this district is expected to generate stable income for HNH and cultivate a loyal customer base. During the Financial Year, the Group’s Hong Kong retail store business recorded revenue of HK\$151.7 million.

### ***E-commerce Business***

On 28 February 2025, the Group completed the repurchase of 51% of the issued shares of Combo Win Asia Limited (“**CWA**”). As a result, CWA and its subsidiaries (collectively, the “**CWA Group**”) have been reinstated as wholly-owned subsidiaries of the Company, and their financial results have been consolidated into the Group’s financial statements since 1 March 2025 (“**Accounting Effect of CWA 51% Buyback**”). CWA Group is primarily engaged in the e-commerce and distribution of health and wellness-related products in Mainland China. For FY2025, the e-commerce business segment recorded revenue of HK\$243.4 million. Facing challenges such as weakened consumer purchasing power and overall consumption downgrading in the domestic market, the Group has actively pursued revenue growth and efficiency improvements by optimising its product mix and developing more market-driven bestselling products.

## Omnichannel Brand Marketing and Management Services for Brands

During the Financial Year, the Group continued to provide omnichannel marketing management services for its agency brands, including brand agency, promotion and marketing, management, distribution, and sales. By offering one-stop services to brands, the Group has upgraded its industry value chain, diversified its product portfolio and business operations, and enhanced its market share and gross profit margin.

The Group acts as the distributor for numerous overseas brands, including the exclusive agency for Kuku Bima Ener-G!, the flagship energy drink powder product of Sido Muncul, a leading Indonesian herbal pharmaceutical brand, in the food and beverage channel in Malaysia; the exclusive agency for Japanese hair loss prevention brand Kaminowa in Hong Kong, Macau and Singapore; and the exclusive agency for Helaslim, a popular Japanese slimming and beauty brand, in Singapore. The Group has also secured exclusive distribution rights for PNKids, a leading children's multivitamin brand in Singapore, covering Singapore and Malaysia; distribution rights for plu, a popular Korean body care brand, in Hong Kong, Macau, Singapore and Malaysia; and the Group has been appointed as the general distributor for the well-known Mainland brand Dong-E-E-Jiao (東阿阿膠) in Hong Kong.

The Group maintains a long-term partnership with JBM (Healthcare) Limited ("**JBM**" (HKEX Stock Code: 2161) together with its subsidiaries, the "**JBM Group**"). The Group represents numerous time-honoured brands under the JBM Group that are renowned in Hong Kong, Mainland China, and Southeast Asia, including the century-old Li Chung Shing Tong Po Chai Pills (李眾勝堂保濟丸), Ho Chai Kung (何濟公), Flying Eagle Medicated Oil (飛鷹活絡油) from Europharm, and products under Tin Hee Tong (天喜堂), including its flagship product Tin Hee Tong Tin Hee Pills (天喜堂天喜丸), which enjoys strong brand recognition in Hong Kong and Mainland China. Notably, the Group has been granted the exclusive agency rights in Singapore for Li Chung Shing Tong Po Chai Pills and Europharm Singapore products.

Leveraging the Group's familiarity with Hong Kong, Mainland China, and overseas brands, as well as its in-depth understanding of consumer preferences, the Group aspires to facilitate more quality reputable brands in penetrating the Hong Kong, Mainland, and Southeast Asian markets in the future.



### Strengthening R&D of High-Gross-Margin Self-Owned and Collaborative Brand Products

In addition to its agency brand business, the Group continues to actively expand its self-owned brand product lines and collaborative brand product lines. Popular brands include Boost & Guard Pro (BG Pro 博健專研) and Craft by Wakan (和漢匠心). Collaborative brands include Kinmen Qiangxiao (金門強效), SEASONS (田心日辰), and MiTime. To date, the Group has registered over 60 self-owned brand product trademarks. Best-selling products include Craft by Wakan Japanese Probiotics (和漢匠心日本多元益生菌), BG Pro Immunoglobulin Capsules (BG Pro 博健專研免疫球蛋白丸) and BG Pro Ultra Purity Deep Sea Fish Oil (BG PRO 博健專研頂級深海魚油) while collaborative brands products include Kinmen Qiangxiao I-Tiao-Gung Plaster (金門強效一條根精油貼布), SEASONS NMN 40000 (田心日辰逆轉齡 NMN 40000), and MiTime Multivitamin (MiTime 活性綜合維他命).

The Group closely monitors market demands and continuously upgrades and improves (i) its popular self-owned brand products, including Craft by Wakan Japan Liver Boost EX (和漢匠心日本護肝盾 EX), Craft by Wakan Japan Joint Active (和漢匠心日本活關鍵) and BG Pro CoQ-10 (BG Pro 博健專研醫學級輔酶 Q10); and (ii) collaborative brands products including Kinmen Qiangxiao I-Tiao-Gung Pain Relief Penetrating Liquid (金門強效一條根滲透鎮痛露), and Kinmen Qiangxiao I-Tiao-Gung Pain Relief Roller Cream (金門強效一條根滾珠鎮痛膏). The Group is also actively collaborating with two major local personal care product chain stores to launch new products tailored to local consumer needs and establish a comprehensive sales channel network.

The Group fully leverages its marketing and brand promotion capabilities to promote its own brands. The health supplement market is highly competitive and requires substantial advertising to attract consumers. Our marketing team possesses extensive experience in developing targeted promotional campaigns for different products, not only through traditional television and outdoor advertising, but also by intensifying promotional efforts on Mainland social media platforms such as Xiaohongshu, resulting in dual growth in product sales and reputation. The Group has invited renowned celebrities as brand ambassadors, including Ms. Christine Kuo (苟芸慧小姐) as spokesperson for the flagship product SEASONS NMN 40000, and Mr. Louis Cheung (張繼聰先生) as spokesperson for the best-selling brand Kinmen Qiangxiao.

Regarding collaborative brands, to complement the Group's strategy of strengthening own brand development, Mr. Wong Ka Chun Michael, the Group's Chairman, Executive Director and Chief Executive Officer, acquired in his personal capacity the century-old Hong Kong brand Po Wo Tong and collaborates with the Group to launch and sell more new products, including the flagship best-selling products Po Wo Tong Dampness Removing Pills (寶和堂祛濕丸) and Po Wo Tong Dampness Removing Bath Capsule (寶和堂祛濕浸泡珠), endorsed by renowned actress Ms. Selena Lee (李施嬅小姐). Since the end of 2025, the Group has established the Po Wo Tong Wellness Concept Store at Harbour City shopping mall in Tsim Sha Tsui, which is popular among Mainland tourists and local consumers, to promote traditional Chinese health care with Hong Kong sentiment, injecting new vitality into this time-honoured brand.

The Group highly values and understands that the heritage value of century-old brands extends far beyond the sales dimension. During the Financial Year, the Group added a new century-old collaborative brand to strengthen its collaborative brand product portfolio. At the same time, the Group will continue to strengthen its investment in higher-margin own brands, developing and launching more own brand products across different categories to cater to the demands and preferences of Southeast Asian, local, and Mainland Chinese independent travellers, as well as new trends in the overall PCM and health supplement market.

## Successful Expansion into Southeast Asia with Active Promotion of Comprehensive Regional Coverage

To establish a diversified procurement network and enrich its product portfolio, the Group has been deepening its overseas presence and has established procurement centres and professional teams in Japan, South Korea, Singapore, Malaysia, Thailand, Vietnam, Indonesia, Cambodia, Macau, Australia and France, achieving diversification and internationalisation of the Group's product portfolio.

The Southeast Asian market has demonstrated strong distribution sales performance, with Singapore and Malaysia in particular entering their harvest phase. The Group established companies in Singapore and Malaysia before its listing, and since 2022, has obtained exclusive distribution rights for TJ-TYT Pharmaceuticals (M) Sdn. Bhd. in Malaysia (a company primarily engaged in the production and wholesale of PCM, health supplements, and healthcare products in Malaysia), strengthening the Group's sales network in Southeast Asia and expanding its customer base. Best-selling products under the brand TJ-TYT include Vegetarian Bai Feng Wan (素食白鳳丸) and Compound Cough Syrup (複方化痰止咳露), whilst another brand Double Panda (雙熊貓牌) is renowned for American Ginseng Capsules (花旗蔘膠囊) and Qian Li Zhui Feng You (千里追風油), enjoying excellent reputation and strong sales across Singapore and Malaysia, making significant contributions to expanding local sales operations.

The Group has adopted a dual-track strategy of products and sales network to drive exponential growth in Southeast Asian market share. On one hand, the Group precisely addresses the strong demand among Southeast Asian Chinese communities for reputable PCM and health supplement products by progressively introducing numerous international and local renowned brands to Southeast Asia. This includes, starting from this Financial Year, obtaining exclusive agency rights for the century-old renowned brand Li Chung Shing Tong Po Chai Pills through major chain retail networks in Singapore, and securing exclusive agency rights in Malaysia for Kuku Bima Ener-G!, the flagship energy drink powder product of Sido Muncul, a leading Indonesian herbal pharmaceutical brand. This beverage powder is a best-selling product in both Indonesia and Malaysia, and is expected to further enhance Southeast Asian distribution sales.

On the other hand, drawing on Hong Kong's successful distribution model, the Group has established partnerships with several major personal care product chain stores in Malaysia, Singapore and Thailand, such as Watsons and Guardian (known as Mannings in Hong Kong), and has progressively expanded into local chain supermarket sales networks in recent years to expand the Group's channel footprint. Currently, the Group has become one of the major PCM and health supplement distributors in Singapore, achieving comprehensive coverage of most retail channels in Singapore, including major chain retail stores and pharmacies.

Beyond Singapore and Malaysia, the Group has obtained food licenses from the Thai Food and Drug Administration and import and sales licenses for pharmaceutical products in Cambodia. Thailand recorded revenue in both FY2024 and FY2025, and distribution sales in Thailand are expected to achieve further growth in FY2026.

### Use of Proceeds from the Subscription under General Mandate

On 29 April 2025, the Company entered into the Subscription Agreement with Jacobson Group Treasury in respect of the Subscription at the subscription price of HK\$0.5 per Share. The subscription price of HK\$0.50 represented (i) a premium of 25.0% over the closing price of HK\$0.400 per Share as quoted on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) on the date of the subscription agreement; and (ii) a premium of approximately 11.9% over to the average closing price of HK\$0.447 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Subscription Agreement. Completion of the Subscription took place on 22 May 2025. The net proceeds received by the Company from the Subscription (“**Net Proceeds**”) were approximately HK\$46.7 million after deducting expenses of the Subscription. As at the date of this Annual Report, there was no change in the intended use of net proceeds as previously disclosed in the announcement of the Company dated 20 May 2025.

Details of the use of proceeds of the Subscription as at 31 December 2025 are as follows:

<b>Use of Proceeds</b>	<b>Net Proceeds (HK\$ million)</b>	<b>Net Proceeds utilised during the year ended 31 December 2025 (since the date of completion of the Subscription on 22 May 2025) (HK\$ million)</b>
(1) purchases of inventories	26.0	26.0
(2) payment of warehouse and logistics expenses	12.0	12.0
(3) launch of marketing and promotion activities	5.0	5.0
(4) general working capital	3.7	3.7
Total	46.7	46.7

As at 31 December 2025, all the Net Proceeds were fully utilised.

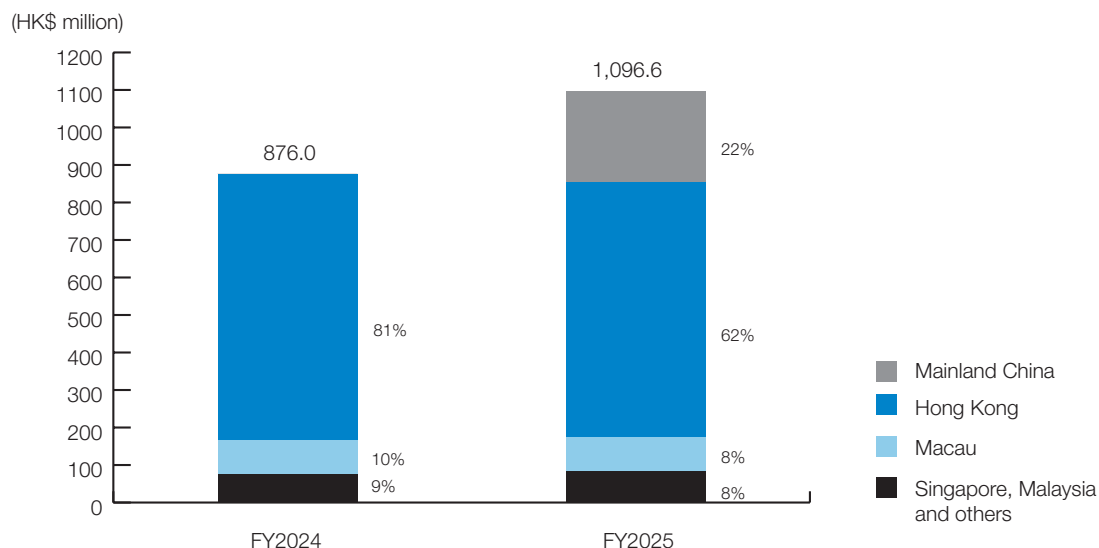
## FUTURE OUTLOOK

### *Empowering the Growth, Embracing the NEW*

The Group is among the few Hong Kong local enterprises that have successfully expanded into Southeast Asia, and even fewer that are familiar with Southeast Asian health and wellness brands, understand consumer preferences across various regions, and have established presences in multiple locations. The Southeast Asian market has become a driving force for the Group's performance growth. In the future, the Group will continue to deepen its cultivation of the Southeast Asian market, steadily advance its market share in Southeast Asia, with the goal of achieving comprehensive regional coverage across Southeast Asia. On one hand, the Group will consolidate its market share in Singapore, Malaysia, and Thailand and expand its sales network; on the other hand, it will actively deploy sales operations in other Southeast Asian countries where it has established presences, such as Vietnam and Indonesia, to enhance overall sales and increase the Group's market share in the Southeast Asian health and wellness market, laying a solid foundation for the Group's long-term development.

### *Upgrading Shareholder Synergies and Deepening Southeast Asian Presence*

The Group has deep cooperation with Jacobson Group across different business levels. The long-term partnership between the two parties dates back to 2017. Jacobson Group's strategic increase in shareholding will inject strong momentum into the Group's Southeast Asian expansion. In the future, both parties will continue to coordinate closely, optimise resource utilisation, and unleash shareholder synergies. Leveraging Jacobson Group's resource network cultivated in the pharmaceutical sector, the Group will accelerate the acquisition of market entry qualifications in emerging markets such as Vietnam and Indonesia, building a compliant operational footprint across Southeast Asia to create sustainable returns for shareholders.

**FINANCIAL REVIEW**


Geographical markets	Revenue		
	FY2025 HK\$ million	FY2024 HK\$ million	Change
Hong Kong	680.2	709.4	▼4.1%
Mainland China	243.4	–	–
Macau	88.0	89.3	▼1.5%
Singapore, Malaysia and others	85.0	77.3	▲10.0%
<b>Total</b>	<b>1,096.6</b>	<b>876.0</b>	<b>▲25.2%</b>

- The Group's total revenue for the Financial Year increased by 25.2% to HK\$1,096.6 million (FY2024: HK\$876.0 million), which was mainly due to the Accounting Effect of CWA 51% Buyback.
- In Hong Kong, revenue for FY2025 decreased by 4.1% to HK\$680.2 million (FY2024: HK\$709.4 million). In Macau, revenue for FY2025 decreased by 1.5% to HK\$88.0 million (FY2024: HK\$89.3 million). It is in line with the sluggish performance of the retail sector during the Financial Year which was mainly due to the change in the consumption patterns of visitors and residents as well as the strength of the Hong Kong dollar.
- In Singapore and Malaysia, revenue for FY2025 increased by 12.6% to HK\$84.6 million (FY2024: HK\$75.1 million) as a result of our continuous efforts in the development and expansion of the business in the region.
- Regarding the revenue from Mainland China, due to the Accounting Effect of CWA 51% Buyback, the revenue from Mainland China was consolidated into the Group since March 2025. During FY2024, revenue attributable to the CWA Group were not consolidated into the Group.

## Profitability

The gross profit of the Group increased by 16.1% to HK\$270.0 million for the Financial Year as compared to that of HK\$232.7 million for FY2024, and the gross profit margin decreased by 2.0 percentage points to 24.6%. Increase in gross profit was due to the Accounting Effect of CWA 51% Buyback and decrease in gross profit margin was mainly due to the increase in procurement costs but the Group did not pass on all the increased costs to consumers due to market strategy considerations.

Selling and distribution expenses of the Group for the Financial Year increased by 23.1% to HK\$135.3 million, as compared to HK\$109.9 million for FY2024 mainly due to the Accounting Effect of CWA 51% Buyback.

General and administrative expenses of the Group for the Financial Year increased by 0.2% to HK\$95.5 million, as compared to HK\$95.3 million for FY2024 which was mainly due to the net effect of (i) the Accounting Effect of CWA 51% Buyback and (ii) decrease in the share-based payment expenses to HK\$6.5 million for FY2025 (FY2024: HK\$20.6 million).

Finance costs of the Group for the Financial Year increased by 3.8% to HK\$22.0 million as compared to HK\$21.2 million for FY2024 due to the Accounting Effect of CWA 51% Buyback.

## Other income and other gains, net

Other income and other gains, net, of the Group for the Financial Year was HK\$3.5 million (FY2024: HK\$4.8 million). The decrease was mainly attributable to the net effect of (i) the absence of dividend income of approximately HK\$1.6 million recorded in FY2024; (ii) a gain on remeasurement of previously held interests in an associated company of approximately HK\$4.4 million recorded for FY2025; and (iii) an increase in the exchange loss for FY2025 to approximately HK\$2.9 million (FY2024: an exchange loss of approximately HK\$0.5 million).

## Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company for the Financial Year was HK\$15.5 million as compared to HK\$6.0 million for FY2024. The increase is primarily due to the Accounting Effect of CWA 51% Buyback.

## LIQUIDITY AND FINANCIAL RESOURCES

During the Financial Year, the Group has funded the liquidity and capital requirements primarily through bank borrowings, loans from shareholders and cash generated from the operating activities.

As at 31 December 2025, the Group had cash and cash equivalents of approximately HK\$70.3 million (31 December 2024: HK\$34.0 million), which were mainly denominated in Hong Kong dollars and Chinese Renminbi. The gearing ratio (defined as net debt divided by total equity plus net debt, where net debt includes interest-bearing bank borrowings, loans from shareholders, lease liabilities less cash and cash equivalents) of the Group as at 31 December 2025 was 40.0% (31 December 2024: 38.3%). The increase was mainly due to a new shareholder's loan obtained.

## CAPITAL STRUCTURE

As at 31 December 2025, the borrowings included secured interest-bearing bank borrowings of approximately HK\$271.4 million (31 December 2024: HK\$231.3 million), unsecured interest-bearing bank borrowings of approximately HK\$39.0 million (31 December 2024: HK\$39.0 million) and loan from shareholders with maturity date on 31 March 2028 and 31 May 2030 of approximately HK\$85.0 million and HK\$16.9 million respectively (31 December 2024: HK\$50.0 million). Except for the Group's interest-bearing bank borrowings of HK\$7.4 million (31 December 2024: HK\$7.9 million) which were denominated in Macanese Pataca (MOP), the Group's interest-bearing bank borrowings are all denominated in Hong Kong dollars. All borrowings are at floating rates.

Maturity analysis of bank borrowings of the Group as at 31 December 2025 and 2024 is as follows:

	<b>31 December 2025 HK\$'000</b>	31 December 2024 HK\$'000
Within one year	301,118	262,855
In the second year	1,362	492
In the third to fifth years, inclusive	3,116	1,582
Beyond five years	4,788	5,367
	<b>310,384</b>	270,296

As at 31 December 2025, the Company's issued share capital was HK\$8.9 million and the number of its issued ordinary shares was 894,000,000 of HK\$0.01 each (31 December 2024: 800,000,000 of HK\$0.01 each).

The purpose of the treasury policy is to safeguard the Group's financial assets and minimise the liquidity risk and interest rate risk and ensure the Group has sufficient liquidity and sources of funding to meet its current and future obligations.

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The Group's reporting currency is Hong Kong dollars. The Group is exposed to currency risk primarily through sales and purchases, which give rise to receivables, payables and cash balances that are denominated in a foreign currency. The currency giving rise to this risk is primarily Chinese Renminbi. During the Financial Year, the Group did not use any derivative financial instruments to hedge against the volatility associated with foreign currency transactions and other financial assets and liabilities arising in the ordinary course of business. The Group's management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

## PLEDGE OF ASSETS

As at 31 December 2025, (i) certain of the Group's leasehold land and buildings with a net carrying amount of approximately HK\$10.9 million (31 December 2024: HK\$31.9 million) were pledged to secure certain bank loans granted to the Group; and (ii) all the Group's equity interests in HNH were pledged to secure the loan from a shareholder granted to the Group.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2025, the Group did not have other plans for material investments and capital assets.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

### Exercise of Put Option

Reference is made to the announcements of the Company dated 7 July 2023, 27 July 2023, 3 October 2023, 5 February 2025 and 28 February 2025, and the circular of the Company dated 26 October 2023 ("**Major Disposal Circular**") in relation to, among other things, the disposal of 51% of the issued shares of CWA by Dynasty Garden Limited ("**Dynasty Garden**"), an indirect wholly-owned subsidiary of the Company to Eyolution Capital Fund ("**ECF**"), and subsequent the exercise of the Put Option by ECF. Capitalised terms used in this section shall have the same meanings as those defined in the Major Disposal Circular unless the context otherwise requires.

On 27 January 2025, the Company received a notice of exercise of the Put Option from ECF under which Dynasty Garden was required to purchase the Sale Shares back from ECF. The Put Option Triggering Event on which ECF relied on to exercise the Put Option was that the Target Group had failed to meet one of its performance targets in relation to target turnover and target profits. The Exercise Price payable by Dynasty Garden to ECF for the Sale Shares was calculated as HK\$106,000,000. In accordance with the terms of the SP Agreement, the Exercise Price was determined with reference 51% of the valuation of CWA Group reported on by an independent valuer, jointly appointed by Dynasty Garden and ECF, as the fair value of CWA Group as at 31 December 2024 and on a valuation methodology jointly approved by Dynasty Garden and ECF. As at 31 December 2024, ECF had not paid the Remaining Consideration (being an amount of HK\$60.0 million) in accordance with the provisions of the SP Agreement. As such, the Exercise Price that was required to be paid by Dynasty Garden shall be equal to the amount of the Exercise Price in excess of the Remaining Consideration, being a net amount of HK\$46.0 million to ECF at completion of the Put Option exercise. The completion of the purchase of the Sale Shares with ECF took place on 28 February 2025 as agreed by ECF and Dynasty Garden.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES (continued)

### Exercise of Put Option (continued)

Upon completion of the purchase of the Sale Shares, each of CWA and its subsidiaries have become a wholly-owned subsidiary of the Company and their financial results have been consolidated into the financial statements of the Group since 1 March 2025.

Save as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries and associated companies during the Financial Year.

## DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES

Reference is made to the announcements of the Company dated 7 July 2023, 27 July 2023, 3 October 2023, 5 February 2025 and 28 February 2025, and the Major Disposal Circular in relation to, among other things, the disposal of 51% of the issued shares of CWA, by Dynasty Garden and the subsequent exercise of the Put Option by ECF.

In February 2025, as a result of the exercise of Put Option by ECF, the Group completed the repurchase of 51% of CWA's issued shares. Accordingly, CWA and its subsidiaries have become wholly-owned subsidiaries of the Company, and their financial results have been consolidated into the Group's financial statements since 1 March 2025. As such, CWA and its subsidiaries are now no longer associated companies of the Company. Accordingly, the provision of financial assistance to CWA and its subsidiaries (as more particularly described in the circular of the Company dated 25 November 2024) ceased to be a notifiable transaction under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") or subject to any implications relating to financial assistance or relevant advance to an entity under Chapter 13 of the Listing Rules since 1 March 2025.

## SIGNIFICANT INVESTMENT HELD

As of 31 December 2025, the Group did not hold any significant investments (31 December 2024: Nil).

## CAPITAL COMMITMENT

As at 31 December 2025, the Group had no material capital commitment (31 December 2024: Nil).

## CONTINGENT LIABILITIES

As at 31 December 2025, the Group had no material contingent liabilities (31 December 2024: Nil).

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group employed a total of 179 employees (31 December 2024: 260). During the Financial Year, the total staff costs incurred were approximately HK\$75.5 million (FY2024: HK\$89.0 million). The Group's remuneration policy is based on position, duties and performance of the employees. Employees' remuneration varies according to their positions, which may include salary, overtime allowance, bonus and subsidies. The performance appraisal cycle varies according to the positions of employees. In order to provide incentives to and to recognise the contributions of employees of the Group, the Group has also adopted a Share Award Scheme and Share Option Scheme.

## DIVIDEND

The Board has resolved not to declare any final dividend for FY2025 (FY2024: Nil).

## ADOPTION OF NEW ARTICLES OF ASSOCIATION

In order to be in line with the latest legal and regulatory requirements of the Listing Rules in respect of the further expansion of its paperless listing regime, the electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules, the Board has put forward to the shareholders of the Company a special resolution to adopt a new articles of association of the Company ("**New Articles of Association**") in substitution for, and to the exclusion of, the then existing constitution of the Company ("**Existing Articles of Association**"). On 30 May 2025, a special resolution for adopting the New Articles of Association in substitution for and to the exclusion of the Existing Articles of Association was passed by the shareholders of the Company at the 2025 annual general meeting of the Company. For details of the New Articles of Association, please refer to the announcements of the Company dated 28 March 2025 and 30 May 2025 and the circular of the Company dated 10 April 2025.

## PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

The Directors are aware that the Group is exposed to various types of principal risks and uncertainties as discussed below.

### (i) Risks with regards to consumers

The demand for the Company's products is subject to changes in consumer preferences, perception and spending habits. The Company's performance depends significantly on factors which may affect the level and pattern of consumer spending. Such factors include consumer preferences, consumer confidence, consumer income and consumer perception of the safety and quality of the Company's products. Media coverage regarding the safety or quality of, or diet or health issues relating to, health supplements or the raw materials, ingredients or processes involved in their manufacturing, may damage consumer confidence in the Company's products. If there is a change in consumer preferences, perception and spending habits at any time, the demand for the Company's products by consumers may decline and the Company's business, financial condition and results of operations may be materially and adversely affected.

**(ii) Currency risks**

The sales of the Company's products are predominately made in Hong Kong, while the majority of the health supplement products are sourced from brand owners in overseas countries such as the U.S., Australia and Japan. The Company also engaged external manufacturers in overseas countries such as Taiwan and Japan to produce private label products ("**Private Label Products**" or "**Private Label Brands**") i.e. products developed and marketed under the brands of our Group and produced by external manufacturers engaged by us on an Original Design Manufacturing ("**ODM**") basis. The Company's functional currency is Hong Kong dollar, being the settlement currency for most of the Company's sales, whereas purchases from overseas brand owners and manufacturers are primarily settled in foreign currencies. All of the Company's purchases made in foreign currencies are translated into Hong Kong dollars at the prevailing rate at the time of settlement. The Group does not have any foreign currency hedging policy. Accordingly, fluctuations in the relevant foreign currencies against Hong Kong dollar may affect the cost of sales in terms of Hong Kong dollar and consequently the profit margin and results of operations.

These risks are further described in "Risk Factors" in the Prospectus. Please note that the above risks may not be indicative of future performance due to a variety of factors beyond the Company's control, including but not limited to the general economic and social conditions.



# Biographical Details of Directors

Biographical details of the Directors of the Group are set out as follows:

## DIRECTORS

### Executive Director

**Mr. Wong Ka Chun Michael (王嘉俊) (“Mr. Wong”)**, aged 50, was appointed as a Director on 14 June 2017 and became the chairman of the Board and executive Director on 8 October 2018. Mr. Wong is also the chief executive officer of the Group and the chairman of the Corporate Governance Committee. Mr. Wong is the founder of the Group and has been in charge of the overall business strategies, planning, management and operational development of the Group. Mr. Wong is also a director of various subsidiaries of the Company. Mr. Wong is a director of Tycoon Empire which has an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

Mr. Wong has over 20 years of experience in the healthcare and personal care products industry. Prior to founding the Group, from April 1999 to June 2014, Mr. Wong worked as a sales and marketing manager at Hengan Pharmacare, a subsidiary of Hengan International Group Company Limited (listed on the Main Board of the Stock Exchange with stock code: 1044.HK), a company principally engaged in the manufacturing, distribution and sale of personal care products. Mr. Wong was responsible for analysing the industry trend and developing a strategy to market products.

Mr. Wong obtained a Bachelor of Science degree in Business Administration from the University of Southern California, the United States, in December 1998. In September 2018, Mr. Wong was appointed as an honorary president and vice chief supervisor of the Hong Kong Medicine Dealers’ Guild. Since January 2023, Mr. Wong has been appointed as a member of the 13th Committee of the Chinese People’s Political Consultative Conference of Guizhou Province. Mr. Wong has also been a president of Hong Kong Industrial Commercial Association Limited and honorary president of The Trade Association of Natives of Qing Yuan and Basketball Association of Hong Kong, China respectively.

## Non-executive Directors

**Mr. Cao Ran (曹冉) (“Mr. Cao”)**, aged 43, was appointed as a non-executive Director on 1 July 2025. He is primarily responsible for participating in formulating the corporate and business strategies of the Company.

Mr. Cao has extensive experience in operations and pharmaceutical production management. From August 2005 to June 2022, Mr. Cao worked at China Resources Double-Crane Pharmaceutical Co., Ltd. (listed on the Shanghai Stock Exchange with stock code 600062), with his last position as a workshop supervisor. Since July 2022, he joined China Resources Pharmaceutical Holdings Company Limited (a wholly-owned subsidiary of China Resources Pharmaceutical Group Limited, stock code: 3320.HK), engaging in production management, operations management, post-investment management etc. He is currently the deputy general manager of the operations management department of China Resources Pharmaceutical Holdings Company Limited. He has been serving as a non-executive director of Immunotech Biopharm Ltd (listed on the Main Board of the Stock Exchange with stock code: 6978.HK) since October 2025.

Mr. Cao obtained a bachelor’s degree in pharmaceutical engineering from Beijing Union University, the People’s Republic of China in July 2005.

**Ms. Liang Yan (梁艳) (“Ms. Liang”)** aged 39, was appointed as a non-executive Director on 1 September 2024. She is primarily responsible for participating in formulating the corporate and business strategies of the Company.

Ms. Liang has extensive experience in strategy and investment management. She has joined China Resources (Holdings) Company Limited (a substantial shareholder of the Company) and China Resources Pharmaceutical Group Limited (listed on the Main Board of the Stock Exchange with stock code: 3320.HK) which is a substantial shareholder of the Company) since August 2010 and August 2013 respectively, engaging in strategic planning, business development, investment project management, and Hong Kong business. Ms. Liang is currently the director of the investment development department of China Resources Pharmaceutical Group Limited.

Ms. Liang obtained a bachelor’s degree in business administration from the Beijing Institute of Technology in the People’s Republic of China in June 2009 and a master’s degree in economic competitiveness and international business from the University of Birmingham in the United Kingdom in August 2010.

**Ms. Li Ka Wa Helen (李家華) (“Ms. Li”)**, aged 65, was appointed as a non-executive Director on 19 July 2019. She is primarily responsible for participating in formulating the corporate and business strategies of the Company.

Ms. Li has over 25 years of experience in retailing and corporate management. From September 1987 to August 1991, Ms. Li worked in Marks & Spencer in Hong Kong, a retailing fashion, food and homeware chain, where her last position was store controller responsible for the operations and sales of Marks & Spencer stores in Hong Kong. From September 1992 to 1994, she worked in Marks & Spencer in Canada, where her last position was assistant manager responsible for operations and sales. From January 1995 to July 2000, Ms. Li worked in Marks & Spencer in Hong Kong where her last position was regional commercial controller – franchises responsible for managing, designing and controlling the operations of Marks & Spencer across Asia. From August 2000 to July 2001, she was the general manager of Hong Kong of G2000 (Apparel) Limited, a company principally engaged in retailing fashion. From September 2002 to January 2007 and February 2008 to April 2019, Ms. Li worked in The Dairy Farm Company Limited where her last position was the chief executive officer of Mannings Hong Kong & Macau, a health, personal care, beauty products retail chain.

Ms. Li obtained a diploma in Business Retailing from Algonquin College of Applied Arts and Technology, Canada in June 1993. She also completed the Building and Sustaining Competitive Advantage programme, from Harvard Business School in June 2012 and completed the Senior Executive Program For China held by Harvard Business School, Tsinghua University School of Economic and Management and China Europe International Business School in December 2013.

**Mr. Lau Ka On David (劉家安) (“Mr. Lau”)**, aged 51, was appointed as a non-executive Director on 1 September 2021. He is primarily responsible for participating in formulating the corporate and business strategies of the Company.

Mr. Lau has extensive experience in equities research and corporate advisory. From November 2006 to February 2014, Mr. Lau worked as an equities research analyst at several top-tier investment banks, namely, UBS AG in Hong Kong from November 2006 to May 2009; CLSA Research Limited in Hong Kong from May to October 2010; and UBS Securities Co. Limited in Shanghai, China from December 2010 to February 2014. In January 2015, Mr. Lau founded Investor Connect Advisory Limited, a company primarily engages in the investor relations and financial public relations business and is currently serving as the chief executive officer. Mr. Lau was awarded with The Highest Level of Professional Excellence in providing financial advice to foreign investors around the world in 2002 by MFS International Limited.

Mr. Lau obtained a Bachelor of Arts degree in East Asian Languages and Cultures and a Bachelor of Science degree in Business Administration from the University of Southern California, the United States in December 1999. He also obtained a Master of Science degree in Financial Analysis from the College for Financial Planning, the United States in June 2007 by way of distance learning. Mr. Lau is a CFA (Chartered Financial Analyst) charterholder and he obtained the designation from the CFA Institute in September 2010.

**Mr. Ng Kwan Ho (吳君豪) (“Mr. Ng”)**, aged 50, was appointed as a non-executive Director on 1 July 2025.

He is primarily responsible for participating in formulating the corporate and business strategies of the Company. Mr. Ng has extensive experience in marketing, brand management and strategies planning. He worked at Vita Green Health Products Co. Ltd, a company that produces Chinese and Western health supplements with markets in Hong Kong, Mainland China, Southeast Asia and Europe, from June 2005 to April 2018 with his last position as a marketing director. Mr. Ng subsequently joined Amway Hong Kong Limited, a multinational direct selling company, as a marketing director from May 2018 to October 2022, with his last position as an experience and operation director from November 2022 to July 2024. Since August 2024, he joined JBM (Healthcare) Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2161.HK) and is currently the vice president – brand management and sales excellence.

Mr. Ng obtained a Bachelor of Arts with Honours Degree in Language Information Science from the City University of Hong Kong in November 1999 and a Master of Philosophy from the City University of Hong Kong in November 2001.

### Independent non-executive Directors

**Mr. Chung Siu Wah (鍾兆華) (“Mr. Chung”)**, aged 48, was appointed as an independent non-executive Director on 20 January 2020. He is also the chairman of the Nomination Committee and a member of the Audit Committee, the Remuneration Committee and the Corporate Governance Committee. He is primarily responsible for bringing an independent judgment to ensure the continuing effectiveness of the management of the Company.

Mr. Chung has over 20 years of experience in financial services, investments and management. From September 2000 to June 2003, Mr. Chung worked in Merrill Lynch (Asia Pacific) Limited where his last position was research associate, equity research. From April 2003 to April 2006, Mr. Chung worked in Citigroup Global Markets Asia Limited where his last position was analyst. From June 2006 to July 2006, Mr. Chung worked in Morgan Stanley Asia Limited where his last position was vice president, equity research. From July 2006 to October 2008, Mr. Chung worked in Redbrick Capital Management (Asia) Limited where his last position was managing director, Head of Asia. From July 2009 to February 2010, Mr. Chung worked in Citigroup Global Markets Hong Kong Futures and Securities Limited where his last position was director, Asia Pacific Equity Trading. From April 2010 to November 2011, Mr. Chung worked in Chater Capital Advisors (Hong Kong) Limited with his last position as managing partner and chief investment officer. From February 2013 to February 2014, Mr. Chung worked in CreditEase Wealth Management (HK) Limited where his last position was managing director. From November 2014 to April 2015, Mr. Chung worked in South China Finance and Management Limited, as managing director. From October 2015 to May 2024, Mr. Chung was a director in Top Ace Asset Management Limited, a company principally engaged in providing financial investment services. He is currently a director and chief investment officer of Alpha Astra Asset Management Limited, a company principally engaged in providing financial investment services since July 2024.

Mr. Chung obtained a Bachelor of Science from the University of California, Riverside in the United States in March 2000.

**Ms. Chan Ka Lai Vanessa (陳嘉麗) (“Ms. Chan”)**, aged 52, was appointed as an independent non-executive Director on 20 January 2020. She is also the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. She is primarily responsible for bringing an independent judgment to ensure the continuing effectiveness of the management of the Company.

Ms. Chan has over 30 years of experience in financial accounting, auditing and financial management. From July 1995 to August 2005, Ms. Chan worked in KPMG where her last position was senior manager, responsible for auditing and due diligence projects for businesses in Hong Kong and the PRC. From August 2005 to February 2008, Ms. Chan worked in The Kowloon Motor Bus Co. (1933) Ltd., a subsidiary of Transport International Holdings Limited (listed on the Main Board of the Stock Exchange with stock code: 62.HK), as accounting manager responsible for accounting and financial management activities. From November 2009 to December 2018, Ms. Chan worked in China Agri-Industries Holdings Limited (previously listed on the Main Board of the Stock Exchange), as financial controller responsible for overall accounting, financial management and human resources activities. Since January 2019, Ms. Chan has been working in WA C&E Limited, a private company incorporated in Hong Kong, as a director to provide business advisory and company secretarial services in Hong Kong. Ms. Chan has also been serving as an independent non-executive director of Innovax Holdings Limited (listed on the Main Board of the Stock Exchange with stock code: 2680.HK) since August 2018 and LEPU ScienTech Medical Technology (Shanghai) Co., Ltd. (listed on the Main Board of the Stock Exchange with stock code: 2291.HK) since 2 September 2021. Ms. Chan has been serving as an independent non-executive director of Hollwin Urban Operation Service Group Co., Ltd. (listed on the Main Board of the Stock Exchange with stock code: 2529.HK) since May 2023, China Renaissance Holdings Limited (listed on the Main Board of the Stock Exchange with stock code: 1911.HK) since June 2025 and an independent director of Hunan Junxin Environmental Protection Co., Limited (listed on Shenzhen Stock Exchange with stock code: 301109.SZ) since August 2025.

Ms. Chan obtained a Bachelor of Arts in Accountancy from the Hong Kong Polytechnic University in October 1995. She is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Ms. Chan is also a member of the Hong Kong Chartered Governance Institute and the Hong Kong Institute of Directors, and a management board member and honorary treasurer of Hong Kong Guide Dogs Association Limited and Hong Kong Guide Dogs Academy Limited.

**Mr. Mak Chung Hong, also known as Mak Tommy Chung Hong (麥仲康) (“Mr. Mak”)**, aged 50, was appointed as an independent non-executive Director, the chairman of the Remuneration Committee and a member of each of the Audit Committee, the Corporate Governance Committee and the Nomination Committee on 17 December 2021. He is primarily responsible for bringing an independent judgment to ensure the continuing effectiveness of the management of the Company.

Mr. Mak has extensive experience in the fields of marketing, business development and brand management. From May 2016 to November 2018, Mr. Mak worked for Tao Heung Holdings Limited (stock code: 573.HK) and his last position was a director in the marketing and business development division. From June 2019 to November 2020, Mr. Mak was a brand consultant at Fastastic F&B Management Limited. From December 2020 to September 2021, Mr. Mak was appointed as the general manager in the European supermarket division of Il Bel Paese Limited. Since October 2021, Mr. Mak has been working as a brand consultant for Fastastic F&B Management Limited.

Mr. Mak was awarded a Diploma of Technology (Financial Management Advanced Accounting Option) by the British Columbia Institute of Technology in Canada in May 1999. He further obtained a Master of Science Degree in Marketing with Festival and Event Management from the Edinburgh Napier University in the United Kingdom in March 2016.

# Directors' Report



The Directors present their Annual Report and the audited consolidated financial statements for the Financial Year.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is a Hong Kong-based provider of PCM, health supplement, skin care, personal care and other healthcare products, mainly selling and distributing such products of third-party brands and the Private Label Brands.

Details of the principal activities of the subsidiaries of the Company are set out in note 16 to the consolidated financial statements.

## BUSINESS REVIEW

A review of the business of the Group including a discussion and analysis of the Group's performance during the Financial Year and the material factors underlying its financial performance and financial position as well as an indication of likely future development in the Group's business as required by section 388(2) and Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) are included in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this Annual Report, respectively. The future development of the Group's business is discussed in the section headed "Management Discussion and Analysis" of this Annual Report. In addition, further details regarding the Group's principal risks and uncertainties are included in the section headed "Management Discussion and Analysis" of this Annual Report. The sections headed "Chairman's Statement" and "Management Discussion and Analysis" form part of this Directors' Report.

## FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out in the section headed "Financial Summary" of this Annual Report. This summary does not form part of the consolidated financial statements.

## RESULTS AND DIVIDEND

The results of the Group for the Financial Year are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income of this Annual Report.

The Board has resolved not to declare any final dividend for FY2025 (FY2024: Nil).

As at the date of this annual report, the Company was not aware that any Shareholder had waived or agreed to any arrangement to waive dividends.

## DIVIDEND POLICY

The Board has adopted a dividend policy ("**Dividend Policy**") with effect from 15 April 2020. The Dividend Policy allows the Company to declare interim dividends or special dividends from time to time in addition to the final dividends. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia:

- (i) the financial condition of the Group;
- (ii) the prevailing economic climate;
- (iii) the Group's earnings and cash flow;
- (iv) the Group's expected capital requirements;
- (v) the statutory fund reserve requirements;
- (vi) the retained earnings and distributable reserves of the Company and each of the members of the Group; and
- (vii) any other factors that the Board deems appropriate.

Declaration and payment of dividend by the Company is also subject to the articles of association of the Company and the laws of the Cayman Islands.

The Dividend Policy will continue to be reviewed from time to time by the Board and there can be no assurance that any dividend will be proposed or declared in any given period.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Financial Year are set out in note 13 to the consolidated financial statements.

## SHARE CAPITAL

Details of movements in the share capital of the Company during the Financial Year are set out in note 28 to the consolidated financial statements.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

## TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

## RESERVE

Details of movements in the reserves of the Company and the Group during the Financial Year are set out in note 34 to the consolidated financial statements and the consolidated statement of changes in equity of this Annual Report, respectively.

## DISTRIBUTABLE RESERVE

As at 31 December 2025, the Company's distributable reserves were HK\$705.2 million (2024: HK\$664.3 million).

## CHARITABLE DONATIONS

The Group made charitable donations totalling approximately HK\$210,000 during the Financial Year (FY2024: HK\$149,000).

## DIRECTORS

The Directors during the Financial Year and up to the date of this report are:

### Executive Director

Mr. Wong Ka Chun Michael (*Chairman and Chief Executive Officer*)

### Non-executive Directors

Ms. Li Ka Wa Helen

Mr. Lau Ka On David

Ms. Liang Yan

Mr. Cao Ran (appointment effective on 1 July 2025)

Mr. Ng Kwan Ho (appointment effective on 1 July 2025)

Mr. Cao Weiyong (resignation effective on 10 January 2025)

Mr. Hu Yang (appointment effective on 10 January 2025 and resignation effective on 1 July 2025)

## DIRECTORS (continued)

### Independent non-executive Directors

Mr. Chung Siu Wah

Ms. Chan Ka Lai Vanessa

Mr. Mak Chung Hong (also known as Mak Tommy Chung Hong)

In accordance with articles 83(3) of the Company's articles of association, Mr. Cao Ran and Mr. Ng Kwan Ho shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In accordance with articles 84(1) and 84(2) of the Company's articles of association, each of Mr. Wong Ka Chun Michael, Mr. Chung Siu Wah and Ms. Chan Ka Lai Vanessa shall retire by rotation at the forthcoming annual general meeting and each of them being eligible, will offer themselves for re-election.

Each of Mr. Cao Ran and Mr. Ng Kwan Ho, who has been appointed as a non-executive Director on 1 July 2025, has obtained the legal advice referred to in Rule 3.09D of the Listing Rules and on Hong Kong law as regards the requirements under the Listing Rules that are applicable to them as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 5 June 2025, and they have confirmed they understood their obligations as a director of a listed issuer.

Details of the Directors' biographical information are set out in the section headed "Biographical Details of Directors" of this Annual Report.

## CONFIRMATION OF INDEPENDENCE

In compliance with Rule 3.10(1), 3.10(2) and 3.10A of the Listing Rules, the Company has appointed at least three independent non-executive Directors during the Financial Year. The Board considers that all the independent non-executive Directors have appropriate and sufficient diversity, industry or finance experience and qualifications to carry out their duties so as to protect the interests of the Shareholders. One of the independent non-executive Directors, Ms. Chan Ka Lai Vanessa, has extensive experience in auditing, accounting and financial management. She is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. Based on such confirmations, the Company considers the independent non-executive Directors to be independent.

## DIRECTORS' SERVICE CONTRACTS

Each of the executive Director and non-executive Directors has entered into a letter of appointment with the Company pursuant to which he/she agreed to act as a Director for a continuous term with effect from 18 July 2022, save and except for Mr. Lau Ka On David, Ms. Liang Yan, Mr. Ng Kwan Ho and Mr. Cao Ran who have entered into the letters of appointment with the Company pursuant to which he/she agreed to act as a Director for a continuous term with effect from 1 September 2024, 1 September 2024, 1 July 2025 and 1 July 2025 respectively. All such appointments are subject to termination by either party giving not less than one month's written notice and subject to retirement and re-election in accordance with the Company's articles of association and the Listing Rules.

Each of the independent non-executive Directors has entered into the letter of appointment with the Company pursuant to which he/she agreed to act as a Director for a continuous term with effect from 20 January 2023, save and except for Mr. Mak Chung Hong who has entered into the letter of appointment with the Company pursuant to which he agreed to act as a Director for a continuous term with effect from 17 December 2024. All such appointments are subject to retirement and re-election in accordance to the Company's articles of association and the Listing Rules and terminable by either party by giving at least one month's written notice to the other.

None of the Directors has a service contract with the Company or any of the subsidiaries of the Group other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

## DIRECTORS' REMUNERATION

The emoluments of the Directors are generally recommended by the Remuneration Committee for approval by the Board, having regard to the Group's operating results, individual performance and contributions and also the change in market conditions.

Ms. Liang Yan and Mr. Cao Ran, the non-executive Directors, are not entitled to receive any director's fee.

Details of the remuneration of the Directors are set out in note 33 to the consolidated financial statements.

## PERMITTED INDEMNITY PROVISION

The articles of association of the Company provide that the Directors are entitled to be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain in or about the execution of the duties of their office or otherwise in relation thereto, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors.

The Company has purchased and maintained Directors' liability insurance during the Financial Year and as at the date of this Annual Report, which provides appropriate cover for the Directors.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Financial Year, none of the Directors had an interest in any business which competes or may compete with the business in which the Group is engaged.

## MANAGEMENT CONTRACTS

Other than the service contracts of the Directors, the Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the Financial Year.

## RELATED PARTY TRANSACTIONS

The Board confirms that save as disclosed in the “Non-exempt Continuing Connected Transactions” and “Connected Transactions” in this report, none of the related party transactions as disclosed in note 32 to the consolidated financial statements fall under the definition of “connected transaction” or “continuing connected transaction” in Chapter 14A of the Listing Rules and which are subject to annual review, reporting, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

## NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

### Master Sale and Purchase Agreement with Talent Smart

On 28 March 2025, in light of the expiry of the previous agreements, Dynasty Garden Limited (“**Dynasty Garden**”), an indirect wholly-owned subsidiary of the Company, entered into an agreement (the “**Master Sale and Purchase Agreement with Talent Smart**”) with Talent Smart Holdings Limited (“**Talent Smart**” together with its subsidiaries, the “**Talent Smart Group**”), pursuant to which (i) Talent Smart shall procure its relevant subsidiaries to grant to Dynasty Garden an exclusive distribution right (save that Talent Smart Group may still operate its own direct sales and/or retail business in respect of certain of the Talent Smart Products (being certain proprietary Chinese medicines health supplement and healthcare products manufactured and sold by Talent Smart Group) to market, sell and distribute the Talent Smart Products (owned by the relevant member(s) of the Talent Smart Group) in Hong Kong, Macau, Malaysia and Singapore (where applicable) (collectively, the “**Territory**”) for the period from 28 March 2025 to 31 December 2027, and Dynasty Garden accepts such grant of exclusive distribution rights; (ii) Dynasty Garden may purchase, by itself or through any member of the Group, the Talent Smart Products from the Talent Smart Group (“**Purchase of Talent Smart Products**”); and (iii) Dynasty Garden may, through itself or any member of the Group, sell the Tycoon Products (certain proprietary Chinese medicines, health supplement and other healthcare products sold by the Group) to Talent Smart Group (“**Sale of the Tycoon Products**”).

Pursuant to the Master Sale and Purchase Agreement with Talent Smart, the prices, payment terms, quantities and detailed terms with respect to the Talent Smart Product or, as the case may be, Tycoon Products shall be determined in accordance with the specific purchase orders to be agreed between the parties.

## NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS (continued)

### Master Sale and Purchase Agreement with Talent Smart (continued)

The annual caps for the year ended 31 December 2025 for Purchase of Talent Smart Products and Sale of the Tycoon Products were HK\$37 million and HK\$6 million, respectively, while the actual transaction amount for the year ended 31 December 2025 was approximately HK\$16.1 million and HK\$38,000, respectively.

On 19 December 2025, Dynasty Garden and Talent Smart entered into a supplemental agreement, pursuant to which the parties agreed that the nature of the exclusive distribution right granted by Talent Smart to Dynasty Garden to market, sell and distribute the Talent Smart Products in the Territory during the remaining term of Master Sale and Purchase Agreement with Talent Smart would be changed to on a non-exclusive basis (save for certain designated distribution channels which shall remain exclusively available to the Group) with effect from 1 January 2026.

As such, the Board anticipated that the total purchases of the Talent Smart Products by the Group from the Talent Smart Group would be less than its previous projections. Accordingly, the Company has reduced the existing annual caps of the continuing connected transactions under the Master Sale and Purchase Agreement with Talent Smart for the two years ending 31 December 2027 to HK\$10 million each.

As the sole beneficial owner of Talent Smart is Mr. Wong who is a Controlling Shareholder, an executive Director and the chief executive officer of the Group, Mr. Wong is a connected person of the Company. Hence, Talent Smart is an associate of Mr. Wong and therefore a connected person of the Company under Chapter 14A of the Listing Rules.

The transactions contemplated under the Master Sale and Purchase Agreement with Talent Smart (as supplemented and varied by the supplemental agreement) would continue to constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For details, please refer to the announcements of the Company dated 28 March 2025, 19 May 2025 and 19 December 2025.

## NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS (continued)

### Master Sale and Purchase Agreement with CR Care

On 15 December 2023, the Company entered into a master sale and purchase agreement (“**Master Sale and Purchase Agreement with CR Care**”) with CR Care Company Limited (“**CR Care**”), an associate of China Resources Pharmaceutical Retail Group Limited (“**CR Pharma Retail**”) and a wholly-owned subsidiary of China Resources Pharmaceutical Group Limited (“**CR Pharma**”, HKEX Stock Code: 3320.HK), pursuant to which, with effect from 1 January 2024, (i) the Company, for itself and on behalf of its subsidiaries, conditionally agreed to purchase and CR Care conditionally agreed to sell certain PCM, health supplement and other healthcare products sold or to be sold by CR Care (“**CR Care Products**”); and (ii) the Company, for itself and on behalf of its subsidiaries, conditionally agreed to sell and CR Care conditionally agreed to purchase certain PCM, health supplement and other healthcare products sold by the Group (“**Tycoon Products**”).

As CR Care is an associate of CR Pharma Retail, a substantial shareholder of the Company, CR Care is considered as a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. The transactions contemplated under the Master Sale and Purchase Agreement with CR Care thus constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) calculated based on the proposed largest annual cap for the continuing connected transactions contemplated under the Master Sales and Purchase Agreement with CR Care exceeded 0.1% but was less than 5%, the continuing connected transactions thereunder were subject to the reporting, announcement and annual review requirements but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to the Master Sale and Purchase Agreement with CR Care, the prices, payment terms, quantities and detailed terms with respect to the CR Care Products and Tycoon Products shall be determined in accordance with the specific purchase orders to be agreed between the parties.

The annual caps for the year ended 31 December 2025 for the purchase of CR Care Products and the sale of Tycoon Products to CR Care were HK\$4.0 million and HK\$40.5 million, respectively, while the actual transaction amount for the year ended 31 December 2025 was nil for the purchase and nil for the sale, respectively, following the cessation of business of CR Care in Hong Kong in late 2024.

For details, please refer to the announcement of the Company dated 15 December 2023 (“**2023 CCT Announcement**”).

## NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS (continued)

### Continuing connected transactions with CR Care

Reference is made to the 2023 CCT Announcement and the announcement of the Company dated 28 March 2025.

In the course of the preparation of the annual results of the Company for the year ended 31 December 2024, the Company noticed that the actual transaction amount in respect of the purchase of the CR Care Products reached approximately HK\$6.8 million ("**Actual Transaction Amount**"), which had exceeded the 2024 Annual Cap (which was set at HK\$3.5 million) by approximately HK\$3.3 million ("**Exceeded Amount**"). The Exceeded Amount is mainly attributable to the fact that, in view of the planned closure of all retail branches of CR Care in Hong Kong in November 2024, the Group had placed more orders with CR Care ("**Purchase Orders**") than it originally contemplated when it entered into the Master Sale and Purchase Agreement with CR Care to stock up the relevant CR Care Products in or around August and September 2024 and resulted in the aggregate amount of the purchases made for the CR Care Products during FY2024 exceeding the 2024 Annual Cap.

During the material time and as at the date of this Annual Report, CR Care is a wholly-owned subsidiary of CR Pharma which is the holding company owning 100% equity of CR Pharma Retail, CR Care is thus, an associate of CR Pharma Retail, a substantial shareholder of the Company holding approximately 16.99% of the issued shares of the Company. Accordingly, CR Care is considered as a connected person of the Company.

The Actual Transaction Amount exceeded the 2024 Annual Cap and the Company should re-comply with the applicable requirement under Rule 14A.54 of the Listing rules. As the highest applicable percentage ratios under the Listing Rules in respect of the Exceeded Amount, when aggregated with the amount purchased under the 2024 Annual Cap, exceeded 0.1% but less than 5% but the total consideration was more than HK\$3 million, such purchases constituted connected transactions of the Company under Chapter 14A of the Listing Rules and the Company should have published an announcement when it exceeded the 2024 Annual Cap. The terms of the Purchase Orders were fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group and that the entering into the Purchase Orders was in the interests of the Group and the Shareholders as a whole.

The Directors considered that this was an inadvertent oversight and isolated incident. The Company has taken and will take remedial measures to prevent the recurrence of similar incidents as well as monitor the ongoing compliance for similar transactions. In addition to the pre-existing internal control procedures for the continuing connected transactions as disclosed in the 2023 CCT Announcement, the Company has taken and will take further remedial measures to tighten its internal control procedure with a view to ensuring timely compliance with the Listing Rules and to prevent recurrence of similar incidents. These measures include:

- (a) The Finance Department of the Group will revisit the underlying transactions of all continuing connected transactions on a monthly basis instead of a quarterly basis as in the past (including timely monitoring the utilisation of the relevant annual caps) and will timely comply with the requirements of Chapter 14A of the Listing Rules (if applicable);

## NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS (continued)

### Continuing connected transactions with CR Care (continued)

- (b) the relevant workflow in IT system has been enhanced to cover all continuing connected transactions with all relevant connected persons of the Group and an automatic notice will be sent to the designated personnel of the Finance Department of the Group alerting whenever the accumulated amounts of the completed transaction of the continuing connected transactions reach 75% of the relevant annual caps;
- (c) whenever the accumulated amounts of the completed transaction of the continuing connected transactions reach 90% of the relevant annual caps, (i) any further continuing connected transactions to be entered into by any of the Group companies have to be additionally approved by the finance department of the Group before execution of such transactions; and (ii) the relevant sales department will report to the finance department of the Group to assess the need to revise the relevant annual caps and to take the appropriate measures, including complying with the announcement and/or independent shareholders' approval requirements in accordance with the Listing Rules;
- (d) the Company will arrange additional training to the relevant responsible personnel of the Group to strengthen their understanding to identify the circumstances which are expected to trigger an announcement and other reporting requirements under the Listing Rules. The management of the Group aims to conduct such training in the second half of 2026; and
- (e) on an ongoing basis, the Company will work more closely with its external financial and legal advisers, before entering into any potential notifiable or connected transactions. If necessary, the Company could also consult the Stock Exchange on the proper treatment of the proposed transaction.

### Continuing Connected Transactions with DEEJ

On 28 March 2025, Tycoon Global Limited (“**Tycoon Global**”), an indirect wholly-owned subsidiary of the Company, entered into an agreement (“**2025 Distribution Agreement**”) with Dong-E-E-Jiao Co., Ltd. (“**DEEJ**”, together with its subsidiaries, the “**DEEJ Group**”), pursuant to which DEEJ agreed to appoint Tycoon Global as a distributor for distribution of the DEEJ Products (being certain PCM, health supplement and other healthcare products manufactured and/or distributed by DEEJ) in Hong Kong for the period from 1 January 2025 to 31 December 2025 (“**Purchase of DEEJ Products**”). Pursuant to the 2025 Distribution Agreement, the prices, payment terms, quantities and detailed terms with respect to the DEEJ Products shall be determined in accordance with the specific purchase orders to be agreed between the parties.

The annual cap for the year ended 31 December 2025 for the Purchase of DEEJ Products was HK\$12.0 million, while the actual transaction amount for the period for FY2025 was approximately HK\$2.7 million.

For details, please refer to the announcements of the Company dated 28 March 2025 and 19 May 2025.

## NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS (continued)

### Continuing Connected Transactions with the JBM Group pursuant to Rule 14A.60 of the Listing Rules

During the Financial Year, Jacobson Group Treasury, an indirect wholly-owned subsidiary of Jacobson Group, has become a substantial shareholder of the Company upon completion of the Subscription and thus a connected person of the Company. As Mr. Sum Kwong Yip, Derek (“**Mr. Sum**”) is one of the controlling shareholders of Jacobson Group, Mr. Sum has also become a substantial shareholder of the Company and thus a connected person of the Company.

As Mr. Sum is also one of the controlling shareholders of JBM, the JBM Group is thus an associate of Mr. Sum and thus a connected person of the Company. The various continuing transactions entered into between the Group and the JBM Group prior to the Subscription and which have been continuing upon the completion of the Subscription therefore constituted continuing connected transactions of the Company, which are subject to the annual review and disclosure requirements under Chapter 14A of the Listing Rules. For details, please refer to the Company’s announcements dated 22 May 2025 and 29 May 2025 (“**Announcements**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the Announcements. Details of each of the continuing transactions entered into with the JBM Group are set out as follows:

#### (1) *Ho Chai Kung Distribution Agreement*

On 1 April 2025, Dynasty Garden, an indirect wholly-owned subsidiary of the Company, entered into the Ho Chai Kung Distribution Agreement with Ho Chai Kung, an indirect wholly-owned subsidiary of the JBM Group, from 1 April 2025 to 31 March 2028, pursuant to which Ho Chai Kung agreed to appoint Dynasty Garden as a distributor for exclusive distribution of the Ho Chai Kung Products through certain key-chain retailers specified in the agreement in Hong Kong and Macau and on cross-border e-commerce platforms in the PRC, subject to Dynasty Garden obtaining all relevant licence and/or approval of the relevant regulatory authorities.

Pursuant to the Ho Chai Kung Distribution Agreement, the prices, payment terms, quantities and detailed terms with respect to the Ho Chai Kung Products shall be determined in accordance with the specific purchase orders to be agreed between the parties. The proposed annual cap for the eight months ended 31 December 2025 for the purchase of Ho Chai Kung Products was approximately HK\$98.0 million, while the actual transaction amount for the year ended 31 December 2025 was approximately HK\$97.0 million.

## NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS (continued)

### Continuing Connected Transactions with the JBM Group pursuant to Rule 14A.60 of the Listing Rules (continued)

#### (2) *Li Chung Shing Tong (HK) Distribution Agreement*

On 1 April 2025, Dynasty Garden entered into the Li Chung Shing Tong (HK) Distribution Agreement with Li Chung Shing Tong (HK), an indirect non-wholly-owned subsidiary of the JBM Group, from 1 April 2025 to 31 March 2028, pursuant to which Li Chung Shing Tong (HK) agreed to appoint Dynasty Garden as a distributor for exclusive distribution of Po Chai Pills (HK) through certain key-chain retailers specified in the agreement in Hong Kong and Macau and on cross-border e-commerce platforms in the PRC, subject to Dynasty Garden obtaining all relevant licence and/or approval of the relevant regulatory authorities.

Pursuant to the Li Chung Shing Tong (HK) Distribution Agreement, the prices, payment terms, quantities and detailed terms with respect to the Po Chai Pills (HK) shall be determined in accordance with the specific purchase orders to be agreed between the parties. The proposed annual cap for the eight months ended 31 December 2025 for the purchase of Po Chai Pills (HK) was approximately HK\$48.7 million, while the actual transaction amount for the year ended 31 December 2025 was approximately HK\$48.0 million.

#### (3) *Li Chung Shing Tong (Singapore) Distribution Agreement*

On 1 April 2025, Tycoon Singapore, an indirect wholly-owned subsidiary of the Company, entered into the Li Chung Shing Tong (Singapore) Distribution Agreement with Li Chung Shing Tong (Singapore), an indirect wholly-owned subsidiary of the JBM Group, from 1 April 2025 to 31 March 2028, pursuant to which Li Chung Shing Tong (Singapore) agreed to appoint Tycoon Singapore as a distributor for exclusive distribution of Po Chai Pills (SG) through certain key-chain retailers specified in the agreement (including their online stores) in Singapore, subject to Tycoon Singapore obtaining all relevant licence and/or approval of the relevant regulatory authorities.

Pursuant to the Li Chung Shing Tong (Singapore) Distribution Agreement, the prices, payment terms, quantities and detailed terms with respect to the Po Chai Pills (SG) shall be determined in accordance with the specific purchase orders to be agreed between the parties. The proposed annual cap for the eight months ended 31 December 2025 for the purchase of Po Chai Pills (SG) was approximately HK\$5.9 million, while the actual transaction amount for the year ended 31 December 2025 was approximately HK\$5.7 million.

## NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS (continued)

### Continuing Connected Transactions with the JBM Group pursuant to Rule 14A.60 of the Listing Rules (continued)

#### (4) *Europharm Singapore Distribution Agreement*

On 1 April 2025, Tycoon Singapore entered into the Europharm Singapore Distribution Agreement with Europharm, an indirect wholly-owned subsidiary of the JBM Group, from 1 April 2025 to 31 March 2028, pursuant to which Europharm agreed to appoint Tycoon Singapore as a distributor for exclusive distribution of Europharm SG Products in Singapore, subject to Tycoon Singapore obtaining all relevant licence and/or approval of the relevant regulatory authorities.

Pursuant to the Europharm Singapore Distribution Agreement, the prices, payment terms, quantities and detailed terms with respect to the Europharm SG Products shall be determined in accordance with the specific purchase orders to be agreed between the parties. The proposed annual cap for the eight months ended 31 December 2025 for the purchase of Europharm SG Products was approximately HK\$0.4 million, while the actual transaction amount for the year ended 31 December 2025 was HK\$73,000.

#### (5) *Tin Hee Tong Distribution Agreement*

On 1 April 2025, Tycoon Global, an indirect wholly-owned subsidiary of the Company, entered into the Tin Hee Tong Distribution Agreement with Tin Hee Tong, an indirect non-wholly-owned subsidiary of the JBM Group for the period from 1 April 2025 to 31 March 2028, pursuant to which Tin Hee Tong agreed to appoint Tycoon Global as a distributor for exclusive distribution of the Tin Hee Tong Products through keychain retailers in Hong Kong and pharmacies, medicine stores and keychain retailers in Macau (all of which are qualified to sell PCM) and on cross-border e-commerce platforms in the PRC.

Pursuant to the Tin Hee Tong Distribution Agreement, the prices, payment terms, quantities and detailed terms with respect to the Tin Hee Tong Products shall be determined in accordance with the specific purchase orders to be agreed between the parties. The proposed annual cap for the eight months ended 31 December 2025 for the purchase of Tin Hee Tong Products was approximately HK\$17.1 million, while the actual transaction amount for the year ended 31 December 2025 was approximately HK\$5.7 million.

## NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS (continued)

### Continuing Connected Transactions with the JBM Group pursuant to Rule 14A.60 of the Listing Rules (continued)

#### (6) *Europharm Hong Kong Distribution Agreement*

On 1 April 2025, Dynasty Garden entered into the Europharm Hong Kong Distribution Agreement (as supplemented by the supplemental agreement dated 29 May 2025) with Europharm for a term from 1 April 2025 to 31 March 2028, pursuant to which Europharm agreed to appoint Dynasty Garden as a distributor for distribution of the Europharm Products through key-chain retailers which are qualified to sell PCM in Hong Kong and Macau and on cross-border e-commerce platforms in the PRC.

Pursuant to the Europharm Hong Kong Distribution Agreement, the prices, payment terms, quantities and detailed terms with respect to the Europharm Products shall be determined in accordance with the specific purchase orders to be agreed between the parties. The proposed annual cap for the eight months ended 31 December 2025 for Purchase of Europharm Products was approximately HK\$1.3 million, while the actual transaction amount for the year ended 31 December 2025 was approximately HK\$1.3 million.

#### (7) *Jacobson Medical Distribution Agreement*

On 1 April 2025, Dynasty Garden entered into the Jacobson Medical Distribution Agreement (as supplemented by the supplemental agreement dated 29 May 2025) with Jacobson Medical, an indirect wholly-owned subsidiary of the JBM Group, for a term from 1 April 2025 to 31 March 2028, pursuant to which Jacobson Medical agreed to appoint Dynasty Garden as a distributor for distribution of the Jacobson Medical Products in Hong Kong and Macau and on cross-border e-commerce platforms in the PRC (except pharmacies in Hong Kong).

Pursuant to the Jacobson Medical Distribution Agreement, the prices, payment terms, quantities and detailed terms with respect to the Jacobson Medical Products shall be determined in accordance with the specific purchase orders to be agreed between the parties. The proposed annual cap for the eight months ended 31 December 2025 for the purchase of Jacobson Medical Products was approximately HK\$2.7 million, while the actual transaction amount for the year ended 31 December 2025 was approximately HK\$2.3 million.

## NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS (continued)

### Continuing Connected Transactions with the JBM Group pursuant to Rule 14A.60 of the Listing Rules (continued)

#### (8) Trademark Licence Agreement

On 1 April 2025, JMM Healthcare Limited (“JMM”), an indirect wholly-owned subsidiary of the JBM Group, entered into the Trademark Licence Agreement with Tycoon Global, from 19 June 2024 to 31 March 2028, pursuant to which (i) JMM agreed to grant Tycoon Global an exclusive licence to use and to sublicense the right to use the Licensed Marks solely in Hong Kong and Macau in connection with the distribution and other business activities specified in the Trademark Licence Agreement; and (ii) as consideration for the licence granted, Tycoon Global shall pay JMM royalty which shall be 20% of the Net Selling Price. Pursuant to the Trademark Licence Agreement, within the first five business days of each month, Tycoon Global shall submit a monthly written report showing sale statistics including number of product sold under the Licensed Marks during the previous month, the amount of Deductions and the Net Selling Price to JMM. Within 90 calendar days from the submission of such report (or such other period as mutually agreed), Tycoon Global shall pay JMM the royalty due based on such report. The proposed annual cap for the eight months ended 31 December 2025 for the royalty fee was approximately HK\$1.1 million, while the actual transaction amount for the year ended 31 December 2025 was Nil.

Save as disclosed above and in note 32 to the consolidated financial statements, the Group has not engaged in any other connected transactions and/or related party transactions during the Financial Year.

#### Confirmation by independent non-executive Directors

The independent non-executive Directors reviewed the abovementioned continuing connected transactions, and confirmed that the transactions were entered into:

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms or better; and
- (c) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company has followed its pricing policies when determining the price and terms of the continuing connected transactions conducted during the Financial Year.

## NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS (continued)

### Confirmation by auditor

The external auditor of the Company was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the conclusions in respect of the abovementioned continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules and submitted a copy of the auditor's letter to the Stock Exchange.

## CONNECTED TRANSACTIONS

### Leasing of Properties from connected person

On 15 December 2023, Tycoon Global Limited ("TGL"), entered into a renewed tenancy agreement ("**Renewed Tenancy Agreement**") with Mr. Wong Ka Chun Michael, an executive Director, the Chairman of the Board and a controlling shareholder of the Company, as landlord of the Renewed Premises (as defined below), in relation to the leasing of the (i) Workshops 12, 13, 14 and 15 on 6/F, Workshops 12 and 16 on 8/F, Workshop 5 on 9/F; and (ii) Car Parking Spaces Nos. L7, L8, P19, L20, L22 and P27 on 3/F, Wah Wai Centre, Nos. 38-40 Au Pui Wan Street, Shatin, New Territories (collectively "**Renewed Premises**") for a term of three years commencing retrospectively on 1 January 2024 and ending on 31 December 2026. TGL shall pay the monthly rent of HK\$297,000 and other fees payable including but not limited to charges for utilities at the Renewed Premises. The Renewed Premises have been used by the Group as warehouse premises and car parking purposes. The continued leasing of the Renewed Premises under the Tenancy Agreement not only help the Group maintain stability in operations but also minimise the administrative time and cost for finding and relocating to a new premises. The landlord of the Renewed Premises is Mr. Wong (an executive Director, the chairman of the Board, chief executive officer and one of the Controlling Shareholders), hence the landlord is a connected person of the Company. Accordingly, the Renewed Tenancy Agreement and the transactions contemplated thereunder constituted connected transactions of the Company under the Listing Rules.

For details, please refer to the announcement of the Company dated 15 December 2023.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed above and in the related party transactions in note 32 to the consolidated financial statements, no transactions, arrangements or contracts of significance to which the Company, its holding company or its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether direct or indirect, subsisted at the end of the year or at any time during the Financial Year.

## CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the “Non-exempt Continuing Connected Transactions”, “Connected Transactions” in this report and in the related party transactions in Note 32 to the consolidated financial statements, no contract of significance has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries during the Financial Year.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (“SFO”), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (“Model Code”), were as follows:

### (i) Interests in the Shares or underlying Shares of the Company

Name of director	Capacity/Nature of Interest	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding
Wong Ka Chun Michael <sup>(2)</sup>	Interest in controlled corporation	300,088,326 (L)	33.57%
	Beneficial owner	9,122,000 (L)	1.02%

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (continued)

### (i) Interests in the Shares or underlying Shares of the Company (continued)

*Notes:*

- (1) The letter "L" denotes the Director's long position in such Shares and the letter "S" denotes the Director's short position in such Shares.
- (2) The 300,088,326 Shares are registered in the name of Tycoon Empire Investment Limited ("**Tycoon Empire**"), a company wholly owned by Mr. Wong Ka Chun Michael. By virtue of the provisions of Part XV of the SFO, Mr. Wong Ka Chun Michael is deemed to be interested in all the Shares held by Tycoon Empire.
- (3) The calculation is based on the total number of 894,000,000 Shares in issue as of 31 December 2025.

### (ii) Interests in shares of the associated corporation of the Company

Name of director	Name of associated corporation	Capacity/ Nature of Interest	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding
Wong Ka Chun Michael <sup>(2)</sup>	Tycoon Empire	Beneficial owner	1(L)	100%

*Notes:*

- (1) The letter "L" denotes the Director's long position in such share.
- (2) Mr. Wong Ka Chun Michael directly owns 100% of the issued share capital of Tycoon Empire.

Save as disclosed above, as at 31 December 2025, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO), (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2025, so far as was known to the Directors, the following persons (other than the Directors or chief executive of the Company) and entities had interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity/Nature of Interest	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding
Tycoon Empire	Beneficial owner	300,088,326 (L)	33.57%
Ngai Sze Kei <sup>(2)</sup>	Interest of spouse	309,210,326 (L)	34.59%
China Resources Pharmaceutical Retail Group Limited ("CR Pharma Retail")	Beneficial owner	151,895,000(L)	16.99%
China Resources Pharmaceutical Group Limited ("CR Pharma", HKEX Stock Code: 3320.HK) <sup>(3)</sup>	Interest in controlled corporation	151,895,000(L)	16.99%
CRH (Pharmaceutical) Limited <sup>(3)</sup>	Interest in controlled corporation	151,895,000 (L)	16.99%
China Resources (Holdings) Company Limited <sup>(3)</sup>	Interest in controlled corporation	151,895,000 (L)	16.99%
CRC Bluesky Limited <sup>(3)</sup>	Interest in controlled corporation	151,895,000 (L)	16.99%
China Resources Inc. <sup>(3)</sup>	Interest in controlled corporation	151,895,000 (L)	16.99%
China Resources Company Limited <sup>(3)</sup>	Interest in controlled corporation	151,895,000 (L)	16.99%
Jacobson Group Treasury <sup>(4)</sup>	Beneficial owner	152,342,000 (L)	17.04%
Jacobson Pharma Group (BVI) Limited <sup>(4)</sup>	Interest in controlled corporation	152,342,000 (L)	17.04%
Jacobson Pharma Corporation Limited <sup>(4)</sup>	Interest in controlled corporation	152,342,000 (L)	17.04%
Kingshill Development Limited <sup>(4)</sup>	Interest in controlled corporation	152,342,000 (L)	17.04%
Kingshill Development Group Inc. <sup>(4)</sup>	Interest in controlled corporation	152,342,000 (L)	17.04%
Sum Kwong Yip, Derek <sup>(4)</sup>	Founder of a discretionary trust who can influence how the trustee exercises discretion	152,342,000 (L)	17.04%
UBS Trustees (B.V.I.) Limited <sup>(4)</sup>	Trustee	152,342,000 (L)	17.04%

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (continued)

### Notes:

- (1) The letter "L" denotes the person's long position in such Shares and the letter "S" denotes the person's short position in such Shares. The total number of 894,000,000 Shares of the Company in issue as at 31 December 2025 has been used for calculation of the approximate percentage.
- (2) The 300,088,326 Shares are registered in the name of Tycoon Empire, a company wholly-owned by Mr. Wong Ka Chun Michael. Ms. Ngai Sze Kei is the spouse of Mr. Wong Ka Chun Michael. By virtue of the provisions in Part XV of the SFO, Ms. Ngai Sze Kei is deemed to be interested in all the Shares which Mr. Wong Ka Chun Michael is interested in or is deemed to be interested in.
- (3) These interests in Shares comprise the 151,895,000 Shares held by CR Pharma Retail. CR Pharma Retail is a company wholly-owned by CR Pharma. Based on the notice of disclosure of interests dated 22 May 2025 of China Resources Company Limited (formerly known as China Resources National Corporation) filed with the Stock Exchange in relation to CR Pharma, CR Pharma is owned as to approximately 53.40% by CRH (Pharmaceutical) Limited, a wholly-owned subsidiary of China Resources (Holdings) Company Limited, which is wholly-owned by CRC Bluesky Limited, which in turn is wholly-owned by China Resources Inc., which in turn is wholly-owned by China Resources Company Limited. By virtue of the provisions of Part XV of the SFO, each of CR Pharma, CRH (Pharmaceutical) Limited, China Resources (Holdings) Company Limited, CRC Bluesky Limited, China Resources Inc. and China Resources Company Limited is deemed to be interested in all the Shares held by CR Pharma Retail.
- (4) These interests in Shares are held by Jacobson Group Treasury, which is a direct wholly-owned subsidiary of Jacobson Pharma Group (BVI) Limited, which in turn is a wholly-owned subsidiary of Jacobson Pharma Corporation Limited (stock code: 2633.HK), in which 42.53% of the issued share capital of Jacobson Pharma Corporation Limited is owned by Kingshill Development Limited, a wholly-owned subsidiary of Kingshill Development Group Inc., which in turn is wholly-owned by UBS Trustees (B.V.I.) Limited, the trustee of The Kingshill Trust, a discretionary trust established by Mr. Sum Kwong Yip, Derek (as the settlor) with Mr. Sum and his family members as the discretionary beneficiaries. By virtue of the provisions of Part XV of the SFO, each of Jacobson Pharma Group (BVI) Limited, Jacobson Pharma Corporation Limited, Kingshill Development Limited, Kingshill Development Group Inc., Mr. Sum Kwong Yip, Derek and UBS Trustees (B.V.I.) Limited is deemed to be interested in all the Shares held by Jacobson Group Treasury.
- (5) The calculation is based on the total number of 894,000,000 Shares in issue as of 31 December 2025.

Save as disclosed above, as at 31 December 2025, so far as the Directors were aware, no other persons (other than the Directors or chief executive of the Company) or entities had any interests or short positions in the Shares or underlying Shares of the Company, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under section 336 of the SFO.

## ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Neither the Company nor any of its holding companies was a party to any arrangements to enable the Directors or their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate during the Financial Year and up to the date of this Annual Report.

## SHARE OPTION SCHEME

On 23 March 2020, a share option scheme ("**Share Option Scheme**") was approved and conditionally adopted by the Company, whereby the Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, supplier, customer, adviser or consultant of the Group, options to subscribe for the Shares. For details of the share option scheme, please refer to the Prospectus. From 1 January 2023, the Company has relied on the transitional arrangements provided for the existing Share Schemes and has complied with the new Chapter 17 of the Listing Rules accordingly (effective from 1 January 2023). A summary of the principal terms of the Share Option Scheme is set out below:

### (1) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

### (2) Participants

Participants refer to:

- (a) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity ("**Invested Entity**") in which our Group holds an equity interest;
- (b) any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of any member of our Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (f) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and

## SHARE OPTION SCHEME (continued)

### (2) Participants (continued)

- (g) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

and, for the purposes of the Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants. For the avoidance of doubt, the grant of any option by the Company for the subscription of Shares or other securities of the Group to any person who fall within any of the above classes of participants shall not, by itself, unless the Directors otherwise determined, be construed as a grant of option under the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of the participant's contribution or potential contribution to the development and growth of the Group.

### (3) Total number of shares available for issue

Without prior separate approval from the Company's shareholders, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company must not exceed 10% of the shares of the Company as at the Listing Date (i.e. 80,000,000 Shares).

## SHARE OPTION SCHEME (continued)

### (4) Maximum entitlement of each participant

Without prior separate approval from the Company's shareholders, the maximum number of shares issued and to be issued upon exercise of the options granted to each participant under the Share Option Scheme (including both exercised and outstanding options) in any 12-month period shall not (when aggregated with any shares of the Company subject to options granted during such period under any other share option scheme(s) of the Company) exceed 1% of the shares of the Company in issue for any time being. The maximum number of Shares to be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Group must not in aggregate exceed 30% of the issued share capital of our Company from time to time.

Any grant of options to any directors, chief executive or substantial shareholders (as such terms as defined in the Listing Rules) of the Company, or any of their respective associates under the Share Option Scheme or any other share option scheme of the Company or any of its subsidiaries shall be subject to the prior approval of the independent non-executive Directors or shareholders of the Company as the case may be. Without prior separate approval from the Company's shareholders, the maximum number of shares issued and to be issued in respect of which options granted and may be granted to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates in the 12-month period up to and including the date of such grant shall not (i) exceed 0.1% of the shares of the Company in issue on the date of such grant; and (ii) have an aggregate value, based on the closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant, in excess of HK\$5 million.

### (5) Time of acceptance and the amount payable on acceptance of the option

Under the Share Option Scheme, the options granted may be accepted by the participants concerned for a period of twenty-one days from the date of such offer. Upon acceptance of an option to subscribe for shares, the eligible participant shall pay HK\$1.00 to the Company as consideration for the grant.

### (6) Period within which the shares must be taken up under an option

Options may be exercised in accordance with the terms of the Share Option Scheme at any time not exceeding a period of ten years from the date on which the share option is granted.

## SHARE OPTION SCHEME (continued)

### (7) Vesting period

Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

### (8) Basis of determining the exercise price of options granted

The subscription price for the shares on the exercise of an option under the Share Option Scheme shall be determined by the Board in its absolute discretion but in any event shall not be less than the highest of: (i) the closing price of the Company's share as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant which must be a business day; (ii) the average closing price of the Company's share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

### (9) Remaining life of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date it was adopted and will end on 22 March 2030. The remaining life of the Share Option Scheme is approximately four years.

For details of the Share Option Scheme, please refer to the Prospectus.

Since the adoption of the Share Option Scheme and up to the end of the Financial Year, no option has been granted or agreed to be granted under the Share Option Scheme. Therefore, no options were exercised or cancelled or lapsed during FY2025 and there were no outstanding options under the Share Option Scheme as at 31 December 2025. As at the date of this Annual Report, the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme is 80,000,000 Shares, represents 10% of the issued Shares as at the listing date.

## SHARE AWARD SCHEME

On 25 May 2020, the Board adopted a share award scheme of the Company ("**Share Award Scheme**"). From 1 January 2023, the Company relies on the transitional arrangements provided for the existing Share Schemes and will comply with the new Chapter 17 accordingly (effective from 1 January 2023). A summary of the principal terms of the Share Award Scheme is set out below:

### (1) Purpose of the Share Award Scheme

The Share Award Scheme is for the purposes of (i) recognising the contributions by certain Eligible Persons and giving incentives thereto in order to retain them for the continuing operation and development of the Group; and (ii) attracting suitable personnel for further development of the Group.

### (2) Participants and operation of the Share Award Scheme

Any employee or consultant of the Group (other than a connected person of the Company or an associate of such connected persons (both terms as defined in the Listing Rules)) ("**Eligible Person(s)**") will be entitled to participate as a grantee ("**Selected Grantee**"). A Grantee shall mean any Eligible Person or such Eligible Person's wholly owned company or trust (the beneficiaries of which include such Eligible Person and/or his/her immediate family members), but excluding any Excluded Grantee.

The Share Award Scheme shall be subject to the administration of the Board in accordance with the terms stated in the Share Award Scheme. Tricor Trust (Hong Kong) Limited ("**Trustee**") will hold the Shares and the income derived therefrom in accordance with the terms of the trust deed which establishes the Share Award Scheme ("**Trust Deed**"). Subject to compliance with all applicable laws, codes or regulations including without limitation those imposed by the Listing Rules from time to time, the Board shall cause the Company to instruct the Trustee to purchase Shares as awarded by the Board to a Selected Grantee ("**Awarded Shares**"). In each case, the purchase shall be made on the open market from the funds of the Group. The Shares purchased shall be held by the Trustee until they are vested in the Selected Grantees in accordance with the terms of the Share Award Scheme.

The Trustee shall not exercise any voting rights in respect of any Shares held under the Trust.

### (3) Total number of shares available for awards

The total number of the Shares to be awarded pursuant to the Share Award Scheme shall not exceed 40,000,000 Shares, being 5% of the total issued share capital of the Company as at its adoption date and also 5% of the total issued share capital of the Company as at the date of this Annual Report. All such Shares subject to be awarded will be/have been purchased on open market and will not be issued by the Company.

## SHARE AWARD SCHEME (continued)

### (4) Maximum entitlement of each participant

The maximum number of Shares which may be awarded to a selected grantee at any one time shall not exceed 0.50% of the total number of the issued Shares as at the adoption date and the total number of Shares awarded to such selected grantee in aggregate shall not exceed 1% of the total number of the issued Shares as at the adoption date. Details of the Share Award Scheme are set out in the announcement of the Company dated 25 May 2020.

### (5) Vesting of awards and vesting period

Subject to the terms and conditions of the Share Award Scheme and the fulfilment of all relevant vesting conditions (if any), Awarded Shares held by the Trustee upon the Trust and which are referable to a Selected Grantee shall vest to that Selected Grantee in accordance with a vesting schedule determined at the discretion of the Board, provided that the Selected Grantee remains at all times after the grant of the award and on each relevant vesting date(s) an Eligible Person and the transfer documents and any other relevant documents as prescribed by the Trustee to effect the transfer have been duly executed by the Selected Grantee.

### (6) Remaining life of the Share Award Scheme

The Share Award Scheme will remain in force for a period of 10 years commencing from its adoption date i.e. 25 May 2020. The remaining life of the Share Award Scheme is approximately four years.

During the Financial Year, no awarded shares (FY2024:10,000,000) had been granted, pending vesting, under the Share Award Scheme to the employees of the Group (none of them are Directors or connected persons of the Company), 7,606,000 awarded shares have been vested and 4,052,000 awarded shares have been forfeited. The vesting period of such awarded shares ranges from 1 January 2025 to 1 July 2026.

## SHARE AWARD SCHEME (continued)

For details of the movements in the number of outstanding awarded shares during the Financial Year, please refer to Note 29(b) to the consolidated financial statements of the Company and the following:

Category of participants	Date of grant	Vesting period	Closing price of shares immediately before the date of grant	Number of awarded shares					Outstanding as at 31 December 2025
				Outstanding as at 1 January 2025	Granted during the Financial Year	Vested during the Financial Year (Note 3)	Lapsed/expired during the Financial Year	Cancelled/forfeited during the Financial Year (Note 4)	
Directors (Note 1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Five highest paid individuals in aggregate	1 Apr 2021 (Note 2)	1 Apr 2024 – 1 April 2026	HK\$1.58	2,704,000	-	1,160,000	-	1,044,000	500,000
Other Grantees in aggregate	1 Apr 2021 (Note 2)	1 Apr 2022 – 1 April 2026	HK\$1.58	1,086,000	-	466,000	-	160,000	460,000
Five highest paid individuals in aggregate	1 Jul 2024 (Notes 2 and 5)	1 Jan 2025 – 1 Jul 2026	HK\$3.82	9,560,000	-	5,736,000	-	2,832,000	992,000
Other Grantees in aggregate	1 Jul 2024 (Notes 2 and 5)	1 Jan 2025 – 1 Jul 2026	HK\$3.82	420,000	-	244,000	-	16,000	160,000
Total				13,770,000	-	7,606,000	-	4,052,000	2,112,000

- Notes:**
- Pursuant to the rules of the Share Award Scheme, an Eligible Person shall mean any employee or consultant of any Group company other than any person being a connected person of the Company or an associate of any such connected person. As such, no Director is/will be eligible for participation in the Share Award Scheme.
  - The total number of awards vested during the year ended 31 December 2025 was 7,606,000. The weighted average closing price of the shares immediately before the dates on which such awards were vested was HK\$3.57 (for the five highest paid individuals in aggregate) and HK\$1.41 (for the other grantees in aggregate) respectively.
  - The purchase price of the awards vested during the Financial Year is nil.
  - The purchase price of the cancelled/forfeited awards was nil.
  - The purchase price of the awards granted to the five highest paid individuals in aggregate and other grantees in aggregate on 1 July 2024 was nil.
  - There is no performance target attached to the awards. The Remuneration Committee and the Board considered that notwithstanding the absence of performance target, the grant of the share awards aligns with the purpose of the Share Award Scheme.
  - Please refer to the corporate governance report of this Annual Report for a summary of material matters relating to the Share Award Scheme reviewed by the remuneration committee of the Board.

## SHARE AWARD SCHEME (continued)

The number of options and awards available for grant under the scheme mandate at the beginning and the end of the financial period was as follows:

	As of 1 January 2025	As of 31 December 2025
Total number of options and awards available for grant under the scheme mandate	80,000,000	80,000,000
Total number of awards available for grant under the scheme mandate	22,486,000	26,538,000

*Note:* There was no service provider sublimit set under the Share Option Scheme and Share Award Scheme.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the year ended 31 December 2025 divided by the weighted average number of shares of the relevant class in issue for the year ended 31 December 2025 is nil.

Information on the accounting policy for share awards granted and the fair value of awards at the date of grant are provided in Note 29(b) to the consolidated financial statements respectively. The fair value of awards at the date of grant are provided in Note 29(b) to the consolidated financial statements.

## EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme and the Share Award Scheme, no equity-linked agreements were entered into by the Company during the Financial Year.

## MAJOR SUPPLIERS AND CUSTOMERS

For the Financial Year, purchases from the single largest supplier of the Group and the five largest suppliers of the Group in aggregate accounted for approximately 23% (2024: 19%) and 48% (2024: 42%) of the Group's total purchases, respectively.

For the Financial Year, sales to the single largest customer of the Group and the five largest customers of the Group in aggregate accounted for approximately 42% (2024: 54%) and 70% (2024: 79%) of the Group's total revenue, respectively.

None of the Directors or any of their close associates or any Shareholders whom, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital, had an interest in any of the five largest suppliers or customers.

## RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group understands the importance of maintaining good relationships with its stakeholders and considers it a key element to its sustainable business growth.

### Employees

The Group has always been people-oriented and has attached great importance to its human resources management. The Group attracts talents through a fair recruitment policy and provides employees with training opportunities, good career development prospects and growth opportunities. In addition, the Group offers attractive remuneration packages to its employees. The Company has adopted the Share Award Scheme for granting shares of the Company in recognition of their contributions to the Group. The Group also values its employees' physical and mental developments.

### Customers

The Group is committed to offering its customers quality products to the best of its ability. During the Financial Year, the Group maintained effective communications with its customers through various channels. The Group believes that feedback from its customers would help the Group to identify areas of improvement and hence to achieve excellence. The Group is keeping up its efforts in expanding its markets and optimising its customer portfolio.

### Suppliers

The Group strongly believes that maintaining harmonious relationships with its major suppliers is essential to the Group's business performance and growth as its suppliers can exercise direct influence over the quality of its products and customer satisfaction. The Group keeps enhancing its communication with and commitment to its suppliers as well as the commercial banks and financial institutions as the Group's businesses are capital intensive which require on-going funding to maintain sustainable growth. The Group adopts a comprehensive procurement policy in respect of its supplier selection procedures and its quality control system regarding the products and performance of potential and existing suppliers. The Group is committed to establishing close and long-term cooperation relationships with its business partners.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Financial Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury share). As at 31 December 2025, the Company did not hold any treasury shares.

## CHANGE IN INFORMATION OF DIRECTORS

The changes in information of the Directors during the Financial Year and up to the date of this Annual Report, which are required to be disclosed under Rule 13.51B(1) of the Listing Rules are set out below:

Ms. Chan Ka Lai Vanessa (independent non-executive Director) has been appointed as an independent non-executive director of China Renaissance Holdings Limited (stock code: 1911.HK) on 26 June 2025 and an independent director of Hunan Junxin Environmental Protection Co., Limited (listed on Shenzhen Stock Exchange with stock code: 301109.SZ) since August 2025.

Mr. Cao Ran (non-executive Director) has been appointed as a non-executive director of Immunotech Biopharm Ltd (stock code: 6978.HK) since October 2025.

## CORPORATE GOVERNANCE

The Company is committed to fulfilling its responsibilities to its Shareholders and protecting and enhancing Shareholders' value through good corporate governance. The Directors recognise that a good corporate governance is essential for the Company to achieve its objectives and drive improvement, as well as maintain legal and ethical standing in the eyes of Shareholders, regulators and the general public.

The Company has applied the principles and adopted the code provisions set out in the Corporate Governance Code ("**CG Code**") effective until 30 June 2025 contained in Appendix C1 to the Listing Rules. The amendments to the CG Code effective on 1 July 2025 will apply to the corporate governance reports and annual reports of the Company for the financial years commencing on or after 1 July 2025. The principles and code provisions set out in this Corporate Governance Reports refer to the CG Code prior to the revision, not the revised CG Code. To the best knowledge of the Board, the Company has fully complied with the requirements under the CG Code during the Financial Year, except for the deviation from code provision C.2.1 of the CG Code. For details, please refer to the section headed "Corporate Governance Report" of this Annual Report.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to operate in compliance with the applicable environmental laws as well as protecting the environment by minimising the negative impact of the Group's existing business activities on the environment. For details, please refer to the section headed "Environmental, Social and Governance Report" of this Annual Report. To the best knowledge of the Directors, the Group has complied with all relevant laws and regulations regarding environmental protection for the Financial Year.

## COMPLIANCE WITH LAWS AND REGULATIONS

The Group has established compliance and risk management policies and procedures, and its senior management has been delegated with the responsibility to monitor the Group's compliance with all significant legal and regulatory requirements. These compliance and risk management policies and procedures are reviewed regularly.

As far as the Company is aware, it has complied with the relevant laws and regulations, such as the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), that have a significant impact on the business and operations of the Group in material respects during the Financial Year.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float during the Financial Year and up to the date of this Annual Report.

## REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed with management regarding the accounting principles and practices adopted by the Group and discussed the internal controls system, risk management system and financial reporting matters including the review of the audited consolidated financial statements and annual results of the Group for the Financial Year.

## EVENTS AFTER THE REPORTING PERIOD

There has been no significant event affecting the Group after the Financial Year and up to the date of this Annual Report.

## CLOSURE OF REGISTER OF MEMBERS

To determine the entitlement to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Friday, 22 May 2026 to Friday, 29 May 2026 (both days inclusive), during which period no transfer of Shares will be registered. The record date will be Friday, 29 May 2026. In order to qualify for the entitlement to attend and vote at the forthcoming annual general meeting, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 pm on Thursday, 21 May 2026.

## AUDITOR

PricewaterhouseCoopers (“**PwC**”) resigned as the auditor of the Company and Crowe (HK) CPA Limited (“**Crowe**”) has been appointed as the auditor of the Company to fill the casual vacancy following the resignation of PwC with effect from 21 November 2025.

Crowe will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution will be proposed for approval by Shareholders at the forthcoming annual general meeting to re-appoint Crowe as the auditor of the Company.

Save as disclosed above, there has been no other change in the auditor of the Company in any of the preceding three years.

On behalf of the Board

**Wong Ka Chun Michael**

*Chairman, Executive Director and Chief Executive Officer*

Hong Kong, 31 March 2026

# Corporate Governance Report



The Board is pleased to present this Corporate Governance Report in the Company's annual report for the Financial Year.

## CORPORATE GOVERNANCE CULTURE AND VALUE

With the mission of bringing health and vitality to consumers, the Group aims to become a reputable and leading provider of a suite of health and well-being products through diversified online and offline sales channels. The Board has established the Company's purpose, values and strategy, and will ensure these and the Company's culture are aligned.

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to Shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

## CORPORATE GOVERNANCE CODE

The Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise the interests of the Shareholders. The Corporate Governance Committee of the Board is responsible for developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board.

During the Financial Year, the Company has applied the principles in the CG Code effective until 30 June 2025. The amendments to the CG Code effective on 1 July 2025 will apply to the corporate governance reports and annual reports of the Company for the financial years commencing on or after 1 July 2025. The principles and code provisions set out in this Corporate Governance Report refer to the CG Code prior to the revision, not the revised CG Code. The corporate governance principles of the Company put an emphasis on an effective Board with a high level of integrity, sound internal controls, and a high degree of transparency and accountability, which enhances corporate value for Shareholders and protects the long-term sustainability of the Group and thereby achieving sustainable business growth and generating values over the longer term and the strategy for delivering the Group's objective. The Company has adopted the code provisions set out in the CG Code as its code of corporate governance.

To the best of the knowledge of the Board, the Company has complied with all the code provision as set out in the CG Code during the Financial Year, except for the deviation from code provision C.2.1 of the CG Code, details of which are explained in the relevant paragraphs of this report. The Directors will use their best endeavours to procure the Company to comply with the CG Code and make disclosure of deviation from such code in accordance with the Listing Rules.

## BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and is collectively responsible for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Director and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

### Board composition

The Board currently comprises nine members, including one executive Director, five non-executive Directors and three independent non-executive Directors.

During the Financial Year and up to the date of this report, the Board consisted of the following members:

### **Executive Director**

Mr. Wong Ka Chun Michael (*Chairman and Chief Executive Officer*)

### **Non-executive Directors**

Ms. Li Ka Wa Helen

Mr. Lau Ka On David

Ms. Liang Yan

Mr. Cao Ran (appointment effective on 1 July 2025)

Mr. Ng Kwan Ho (appointment effective on 1 July 2025)

Mr. Cao Weiyong (resignation effective on 10 January 2025)

Mr. Hu Yang (appointment effective on 10 January 2025 and resignation effective on 1 July 2025)

### **Independent non-executive Directors**

Mr. Chung Siu Wah

Ms. Chan Ka Lai Vanessa

Mr. Mak Chung Hong (also known as Mak Tommy Chung Hong)

The biographical information of the Directors is set out in the section headed “Biographical Details of the Directors” of this Annual Report. To the best of the knowledge of the Directors, none of the members of the Board are related to one another (including financial, business, family or other material/relevant relationships).

## **BOARD MEETINGS**

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

During the Financial Year, the Board has held nine board meetings to review financial and operating performance of the Company and to discuss future strategies. The Directors participated in the Board meetings either in person or through electronic means.

Draft agenda of each meeting are normally made available to the Directors in advance. Notice and draft agenda of regular Board meetings are served to all Directors at least 14 days before the meeting, to enable them to include other matters in the agenda. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep Directors updated of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to senior management where necessary.

Where necessary, senior management would attend regular Board meetings and other Board and committee meetings to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

All the Directors have access to advice and services of the company secretary, who is responsible for ensuring that Board procedures and applicable regulations under the Company's articles of association or otherwise are complied with. Each Director is entitled, if necessary, to seek independent professional advice at the Company's expense.

All minutes are kept by the Company and are open for inspection by any Director during normal office hours with reasonable advance notice. Matters considered and decisions reached at the Board and Committee meetings are recorded with sufficient detail in the minutes. Draft and final versions of minutes of Board meetings will be sent to all Directors for their comments and recorded within a reasonable time after the relevant meeting is held.

The Company's articles of association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

## DIRECTORS' ATTENDANCE RECORDS AT MEETINGS

The attendance records of each Director at various meetings held during the Financial Year are set out below:

Director	Attendance/Number of meetings					
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Corporate Governance Committee Meeting	General Meeting
<b>Executive Director</b>						
Mr. Wong Ka Chun Michael	9/9	N/A	N/A	N/A	1/1	0/1
<b>Non-executive Directors</b>						
Mr. Cao Ran <sup>(1)</sup>	3/3	N/A	N/A	N/A	N/A	N/A
Ms. Liang Yan	9/9	N/A	N/A	N/A	N/A	1/1
Ms. Li Ka Wa Helen	7/9	N/A	N/A	N/A	N/A	1/1
Mr. Lau Ka On David	8/9	N/A	N/A	N/A	N/A	0/1
Mr. Ng Kwan Ho <sup>(2)</sup>	3/3	N/A	N/A	N/A	N/A	N/A
Mr. Cao Weiyong <sup>(3)</sup>	1/1	N/A	N/A	N/A	N/A	N/A
Mr. Hu Yang <sup>(4)</sup>	5/6	N/A	N/A	N/A	N/A	N/A
<b>Independent non-executive Directors</b>						
Mr. Chung Siu Wah	9/9	3/3	3/3	3/3	1/1	0/1
Ms. Chan Ka Lai Vanessa	9/9	3/3	3/3	3/3	N/A	1/1
Mr. Mak Chung Hong	9/9	3/3	3/3	3/3	1/1	0/1

### Notes:

- (1) Mr. Cao Ran was appointed as a non-executive Director on 1 July 2025.
- (2) Mr. Ng Kwan Ho was appointed as a non-executive Director on 1 July 2025.
- (3) Mr. Cao Weiyong resigned as a non-executive Director on 10 January 2025.
- (4) Mr. Hu Yang was appointed as a non-executive Director on 10 January 2025 and resigned on 1 July 2025.

Apart from regular Board meetings, the Chairman also held a meeting with the Independent Non-executive Directors without the presence of other Directors during the year ended 31 December 2025.

## Responsibilities

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Directors take decisions objectively in the interests of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management. The delegated functions and powers are reviewed periodically to ensure that they remain appropriate.

Matters specifically reserved for the Board include the approval of financial statements, dividend policy, significant changes in accounting policies, strategies, budgets, internal control system, risk management system, material transactions (in particular those that may involve conflicts of interests), selection of directors, changes to appointments such as company secretary and external auditors, remuneration policy for Directors and senior management, terms of reference of Board committees, as well as major corporate policies.

Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Group are delegated to the executive Directors and senior management of the Company. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions.

In addition, the Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective defined written terms of reference. Further details of the board committees of the Company are set out below in this Corporate Governance Report.

## Independent non-executive Directors

During the Financial Year, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines as set out in Rule 3.13 of the Listing Rules. The Board considers all independent non-executive Directors to be independent.

## Board Independence Evaluation

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which ensures independent views and inputs are available to the Board and allows the Board to effectively exercise independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended 31 December 2025, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

## Continuous Professional Development

Pursuant to code provision C.1.4 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills as to ensure that their contribution to the Board remains informed and relevant.

Each newly appointed Director receives comprehensive, formal and tailored induction at time around the first occasion of his appointment, so as to ensure that he appropriate understanding of the Group structure, Board and Board committee meetings procedures, business, management and operations of the Group, etc. and that he is fully aware of his responsibilities and obligations under the Listing Rules and applicable regulatory requirements.

Besides, the Company keeps circulating information and materials to develop and update Directors' knowledge and skills as and when appropriate. All the information and materials are relevant to the Group's business, the economy, corporate governance, rules and regulations, accounting, financial or professional skills and/or directors' duties and responsibilities. There are also arrangements in place for providing continuing briefing and professional development to each Director. All Directors are encouraged to attend relevant training courses at the Company's expense. During the Financial Year, the Company organised a training session conducted by the legal adviser for all Directors.

The training records of the Directors for the Financial Year are summarised as follows:

	Legal, regulatory and corporate governance	Businesses of the Group	Directors' roles, functions and duties
<b>Executive Director</b>			
Mr. Wong Ka Chun Michael	✓	✓	✓
<b>Non-executive Directors</b>			
Mr. Cao Ran (appointment effective 1 July 2025)	✓	✓	✓
Ms. Liang Yan	✓	✓	✓
Ms. Li Ka Wa Helen	✓	✓	✓
Mr. Lau Ka On David	✓	✓	✓
Mr. Ng Kwan Ho (appointment effective on 1 July 2025)	✓	✓	✓
Mr. Cao Weiyong (resignation effective on 10 January 2025)	N/A	N/A	N/A
Mr. Hu Yang (appointment effective on 10 January 2025 and resignation effective on 1 July 2025)	N/A	N/A	N/A
<b>Independent non-executive Directors</b>			
Mr. Chung Siu Wah	✓	✓	✓
Ms. Chan Ka Lai Vanessa	✓	✓	✓
Mr. Mak Chung Hong	✓	✓	✓

The format of the training includes continuous professional development from external and internal providers and self-study.

Each of Mr. Cao Ran and Mr. Ng Kwan Ho, who have been appointed as a non-executive Director with effect from 1 July 2025, are required to complete no less than 24 hours of the continuous professional development required by Rule 3.09H of the Listing Rules within 18 months of the date of their appointment. The remaining hours of the continuous professional development are expected to be completed in the financial year ending 31 December 2026.

## CHAIRMAN AND CHIEF EXECUTIVE

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. The roles of the chairman and the chief executive officer of the Group is not separated and are performed by the same individual, Mr. Wong Ka Chun Michael, who has been responsible for overall strategic planning and management of the Group since the Group was founded and has extensive knowledge and experience in the healthcare and personal care products industry. The Directors meet regularly to consider major matters affecting the operations of the Group. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Group and believe that this structure will enable the Group to make and implement decisions promptly and efficiently.

## NON-EXECUTIVE DIRECTORS

The non-executive Directors (including independent non-executive Directors) have served a significant role in the Board by bringing independent judgment on the performance, development and risk management of the Group. Each of the non-executive Directors and independent non-executive Directors of the Company is appointed for a continuous term subject to the retirement and re-election in accordance with the Company's articles of association and the Listing Rules.

## BOARD COMMITTEES

The Board has established four Board committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are published on the websites of the Company and the Stock Exchange. All Board committees should report to the Board on their decisions or recommendations made. All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

## Audit Committee

The Board has established the Audit Committee which comprises three independent non-executive Directors, namely Ms. Chan Ka Lai Vanessa (chairwoman), Mr. Chung Siu Wah and Mr. Mak Chung Hong. The primary duties of the Audit Committee include making recommendations to the Board on the appointment, reappointment and removal of the external auditor, reviewing the Group's financial information, financial controls, internal control and risk management systems.

During the Financial Year, the Audit Committee held three meetings to perform the following tasks:

- reviewing and discussing the annual results for the year ended 31 December 2024, the interim results for the six months ended 30 June 2025 and the related accounting principles and practices adopted by the Group;
- reviewing and discussing the risk management and internal control systems of the Group; and
- making a recommendation to the Board on the re-appointment of external auditor, approving the remuneration and terms of engagement of the external auditor.

The Audit Committee also met with the external auditor without the presence of the executive Director during the Financial Year.

## Remuneration Committee

The Board has established the Remuneration Committee which comprises three independent non-executive Directors, namely Mr. Mak Chung Hong (chairman), Mr. Chung Siu Wah and Ms. Chan Ka Lai Vanessa. The primary duties of the Remuneration Committee include making recommendations to the Board on the Group's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy and on the remuneration packages of individual executive Director and senior management.

In determining the remuneration of the Directors and the senior management, the Remuneration Committee would consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and the senior management, performance and contributions of the Directors and the senior management and the change in market conditions.

During the Financial Year, the Remuneration Committee held three meetings to review the policy and structure for the remuneration of all Directors and senior management and review and make recommendations to the Board in relation to the remuneration packages of the Directors and senior management.

Pursuant to the code provision E.1.5 of the CG Code, the remuneration of the members of the Board and the senior management by band for the Financial Year is set out below:

Remuneration Band	Number of Individuals
Nil to HK\$1,000,000	8
HK\$1,000,001 to HK\$1,500,000	2
HK\$2,500,001 to HK\$3,000,000	1
HK\$3,000,001 to HK\$3,500,000	1
HK\$3,500,001 to HK\$4,000,000	1
HK\$4,000,001 to HK\$4,500,000	2

Further particulars regarding the remuneration of each Director and the five individuals with the highest emoluments in the Group for the Financial Year are set out in notes 33 and 9 to the consolidated financial statements, respectively.

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration package of executive Director is also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of such executive Director. The remuneration for the executive Director comprises basic salary, pensions and discretionary bonus. The remuneration policy for non-executive Directors and independent non-executive Directors is to ensure that non-executive Directors and independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the non-executive Directors and independent non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board. Non-executive Directors and independent non-executive Directors shall not receive options and awards to be granted under the Share Option Scheme and Share Award Scheme which the executive Director shall not be entitled to participate in the Share Award Scheme. Individual Directors and senior management have not been involved in deciding their own remuneration.

The Remuneration Committee is responsible for making recommendations to the Board on the terms of service contracts or letters of appointment of the new executive, non-executive and independent non-executive Directors appointed during the year. During the Financial Year, three non-executive Directors were appointed and two non-executive Directors were resigned.

### Summary of matters relating to the share schemes reviewed by the Remuneration Committee

The Remuneration Committee did not review any material matters relating to the share schemes of the Company during the year ended 31 December 2025 due to no grants of share options/share awards during the year ended 31 December 2025. The Company did not make any grant of share options or awards to the directors and/or senior managers of the Group as set forth in Rules 17.03F, 17.06B(7) and 17.06B(8) of the Listing Rules during the year ended 31 December 2025.

## Nomination Committee

The Board has established the Nomination Committee which comprises three independent non-executive Directors, namely Mr. Chung Siu Wah (chairman), Ms. Chan Ka Lai Vanessa and Mr. Mak Chung Hong. The primary duties of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; assessing the independence of independent non-executive Directors; and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the Financial Year, the Nomination Committee held three meetings to review the structure, size and composition of the Board, make recommendation to the Board on the appointment of a non-executive Director and review the independence of the independent non-executive Directors.

## Corporate Governance Committee

The Board has established the Corporate Governance Committee which comprises the executive Director, Mr. Wong Ka Chun Michael (chairman), and two independent non-executive Directors, namely Mr. Chung Siu Wah and Mr. Mak Chung Hong. The primary duties of the Corporate Governance Committee include developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board, and reviewing and monitoring the training and continuous professional development of the directors and senior management of the Group.

During the Financial Year, the Corporate Governance Committee held one meeting to review the policies and practices on corporate governance and the training and continuous professional development of Directors and senior management.

The Corporate Governance Committee is also responsible for, among others, performing the corporate governance duties as set out in the code provision A.2.1 of the CG Code, which include:

- a) to develop and review the Group's policies and practices on corporate governance and make appropriate recommendations to the Board;
- b) to review and monitor the training and continuous professional development of the Directors and senior management;
- c) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees; and
- e) to review our Group's compliance with the provisions of the CG Code and disclosure in the corporate governance report.

## PROCEDURES FOR NOMINATION OF DIRECTORS

The Company has adopted a procedure for the nomination of Directors ("**Nomination Procedures**") for the purpose of enhancing transparency and accountability of the nomination process of Directors and enabling the Company to ensure the Board has a balance of skills and experience and diversity of perspectives appropriate to the requirements of the Company's business.

Under the Nomination Procedures, Shareholder(s) may nominate person(s), other than a retiring director of the Company and the Shareholder himself/herself, to be appointed as a Director ("**Proposed Director**"). The qualifications of the Proposed Director include (i) attaining the age of 18 years; (ii) possessing the necessary work experience and qualification considered fit by the Nomination Committee; and (iii) not being prohibited by law from being a director. These above qualifications are not exhaustive and conclusive and the Nomination Committee has the discretion to nominate any person as it considers appropriate.

Under the Nomination Procedures, upon obtaining the required information from the candidate, the Nomination Committee shall convene a meeting to discuss and consider the recommendation of the candidate to the Board for appointment as a Director. The Nomination Committee shall review whether the candidate is qualified to be appointed, elected or re-elected into the Board under the relevant Listing Rules and the policies of the Company. In particular, the Nomination Committee shall consider the potential contribution a candidate can bring to the Board in terms of qualification, skills, experience, independence and gender diversity.

All the Directors are subject to retirement by rotation and re-election at the annual general meetings. Under the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three of a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Company's Articles of Association also provides that all Directors appointed to fill a casual vacancy or as addition to the Board shall hold office until the first annual general meeting after appointment. The retiring Directors shall be eligible for re-election.

## COMPANY SECRETARY

The company secretary is responsible for facilitating the Board process, as well as communication among Board members, with Shareholders and management. All Directors have access to the advice and services of the company secretary to ensure that the Board procedures and all applicable laws, rules and regulations, are followed.

The Company has appointed Mr. Cheung Yuk Chuen of S.C. To & Co. Certified Public Accountants, an external service provider, as the company secretary of the Company since January 2020. Mr. Cheung's primary contact person at the Company is Mr. Lai Siu Hung, Chief Financial Officer of the Group.

During the Financial Year, Mr. Cheung Yuk Chuen has confirmed that he has taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

## DIRECTORS' SECURITIES TRANSACTION

The Company has adopted its own code of conduct regarding securities transactions of the Company by the Directors ("**Securities Dealing Code**") on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiries with the Directors, all the Directors confirmed that they had complied with the Securities Dealing Code during the Financial Year.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.



The Company does not have an internal audit function. The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems and they have conducted their annual review on the effectiveness of the Group's risk management and internal control systems in respect of the Financial Year. The review covers all material controls, including financial, operational and compliance controls, handling and dissemination of inside information and risk management functions, and the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function and those related to the Company's ESG performance and reporting.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and leasing, financial reporting, human resources and information technology, financial, operational and compliance controls. The Board is satisfied that the Group's risk management and internal control systems including financial, operational and compliance controls and risk management functions as appropriate to the Group have been put in place and considers the risk management and internal control systems effective and adequate.

### Internal Controls

The Company has adopted a series of internal control policies, measures and procedures designed to provide reasonable assurance for achieving objectives, including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Below is a summary of the internal control policies, measures and procedures the Company has implemented and/or plan to implement:

- the Group engaged an independent internal control adviser to review the overall adequacy of the risk management and internal control system associated with the major business processes of the Group and that the Company has established procedures, systems and controls (including accounting and management systems);
- all the Directors and senior management attended training conducted by the Company's Hong Kong legal advisers or other external parties on the ongoing obligations, duties and responsibilities of directors of publicly listed companies under certain applicable laws and regulations, including the Listing Rules;
- the Company engaged appropriate external legal advisers and/or institutions and/or consultants to advise, update the knowledge of and/or provide trainings to the Directors, senior management and/or relevant employees on the relevant laws and regulations, including changes thereto, which may affect the Company's business operations;
- the Company engaged external professionals, such as auditors, internal control adviser, external legal advisor(s) and other advisors to render professional advice as to compliance with statutory and regulatory requirements, as applicable to the Group from time to time;

- the Company has appointed three independent non-executive Directors to ensure the effective exercise of independent judgment on the Board's decision-making process and provide independent advice to the Board and Shareholders; and
- the Audit Committee, comprising three independent non-executive Directors, continuously provides the Directors with an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Group and oversees the audit process and performs other duties and responsibilities as assigned by the Directors.

### **Risk Management**

The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- Identification: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- Evaluation: Analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.
- Management: Consider the risk responses, ensure effective communication to the Board and on-going monitoring of the residual risks.

The Board together with senior management monitor and assess risk regularly, boost related management standards and evaluate investment projects. The Board, through the Audit Committee, conducted an annual review on the effectiveness of the Group's risk management and internal control systems in its financial, operational and compliance controls and risk management functions, including but not limited to (i) the Group's ability to respond to changes in its business and external environment in terms of significant risks; (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control system and the extent and frequency of communication of monitoring results to the Board; (iii) significant control failing or weakness having been identified and their related implications; and (iv) status of compliance with the Listing Rules. Based on the risk assessments conducted for the year under review, no significant risk was identified and the Board is of the opinion that the Group's risk management and internal control systems were adequate and effective during the year ended 31 December 2025.

## Handling and Dissemination of Inside Information

The Inside Information Policy sets out the procedures and internal controls for handling and dissemination of inside information in a timely manner in such a way to avoid placing any person in a privileged dealing position. The Inside Information Policy also provides guidelines to employees of the Group to ensure proper safeguards exists to prevent the Company from breaching the statutory and listing rule disclosure requirements. The Company has appropriate internal control and reporting systems to identify and assess potential inside information. Dissemination of inside information of the Company shall be conducted by publishing the relevant information on the websites of the Stock Exchange and the Company, according to the requirements of the Listing Rules.

## DIRECTORS' AND AUDITOR'S RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of accounts for each financial period with a view to ensuring such accounts give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The Company's accounts are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgments and estimates made are prudent and reasonable.

The Directors acknowledge their responsibility for preparing the financial statements of the Group for the Financial Year.

With the assistance of the finance department of the Group, the Directors have ensured that the financial statements of the Group are prepared in accordance with the statutory requirements and applicable accounting standards. The Directors have also ensured that the financial statements of the Group are published in a timely manner in accordance with the applicable laws and regulations.

The management of the Company has provided to the Board all explanation and information necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are submitted to the Board for approval.

The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as going concern. The Board has prepared the consolidated financial statements on a going concern basis.

The responsibilities of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements are set out in the Independent Auditor's Report in this Annual Report.

## AUDITOR'S REMUNERATION

The remuneration paid to the Group's external auditor, Crowe (HK) CPA Limited, for the Financial Year is set out below:

Service Category	Fees (HK\$)
<b>Audit Service</b>	1,800,000
<b>Non-audit Services</b>	
– Taxation	96,500
<b>Total</b>	<b>1,896,500</b>

## BOARD DIVERSITY

The Company has adopted a board diversity policy (“**Board Diversity Policy**”) which sets out the approach to achieve diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

The Company endeavours to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and to maximise the Board's effectiveness. The Company sees diversity as a wide concept and believe that a diversity of perspectives can be achieved through consideration of a number of factors, including skills, regional and industry experience, background, gender and other qualities etc. In forming its perspective on diversity, the Company will also take into account factors based on its own business model and specific needs from time to time. The decision of the appointment will be made on a merit basis and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board.

The Board currently consists of six male members and three female members, with one executive Director, five non-executive Directors and three independent non-executive Directors of ages ranging from 39 to 65. Furthermore, the Directors have a balanced mix of knowledge, skills and experience, including business management, financial management, marketing, brand management, audit, finance and investment. The Directors obtained degrees in various fields, including business management, accounting and economics. The Board consists of three independent non-executive Directors, representing over one-third of the Board members, who have different industry backgrounds.



Taking into account the Group's existing business model and specific needs as well as the different background of the Directors, the Directors consider that the composition of the Board satisfies the Board Diversity Policy and has a balanced mix of skill set, experience, expertise, and diversity which enhances decision-making capability and the overall effectiveness of the Board in achieving sustainable business operation and enhancing shareholder value. The Nomination Committee and the Board will review the Board Diversity Policy annually to ensure its continued effectiveness. During the year ended 31 December 2025, the Board reviewed the implementation and effectiveness of the Board Diversity Policy and the results were satisfactory.

### **Gender Diversity**

Details on the gender ratio of the employees of the Group together with relevant data can be found in the Environmental, Social and Governance Report on pages 95 to 98 of this Annual Report. As opposed to a single-gender board, the Board currently has three female members out of nine Directors and as such gender diversity has been achieved in respect of the Board. While the Board recognises that gender diversity at the Board level can be further enhanced, the Company will continue to apply the principles of employment with reference to the Board Diversity Policy. The Company has also taken and continues to take steps to promote diversity at all levels of its workforce.

## **SHAREHOLDERS' RIGHTS**

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange after each general meeting.

### **Procedure for Shareholders to Convene an Extraordinary General Meeting**

Pursuant to article 58 of the articles of association of the Company, the Board may whenever it thinks fit call extraordinary general meetings. Any one or more members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

### Procedures for Making Proposals at Shareholder's Meeting

Any Shareholder who wishes to put forward proposals at general meetings of the Company shall submit such proposals to the Board in writing for the Board's consideration either via personal delivery, mail or email.

The Board may, in its sole discretion, consider if such proposals are appropriate and shall be put forward to the Shareholders for approval at the next annual general meeting or at an extraordinary general meeting to be convened by the Board, as appropriate.

### Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

The Shareholders may at any time send their enquiries and concerns to the Board in writing. The contact details are as follows:

Address: Room 14, 8/F, Wah Wai Centre, 38-40 Au Pui Wan Street, Shatin, New Territories, Hong Kong

Email: [info@tapgl.com](mailto:info@tapgl.com)

Tel No.: (852) 2661 6727

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

## INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and extraordinary general meetings, which provides opportunities for Shareholders to ask questions about the Company's performance. The Chairman of the Board, independent non-executive Directors, and the chairmen of all Board committees (or their delegates) will make themselves available at general meetings to meet Shareholders and answer their enquiries. The Board reviewed the implementation and effectiveness of the above and the results were satisfactory.

Under the Listing Rules, all resolutions proposed at general meetings must be voted by poll except where the chairman of a general meeting, in good faith and in compliance with the Listing Rules, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Details of the poll procedures will be explained during the proceedings of general meetings. The poll results will be released and posted on the websites of the Stock Exchange and the Company.

In addition, to promote effective communication, the Company maintains a website at [www.tycoongroup.com.hk](http://www.tycoongroup.com.hk), where up-to-date information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

## OTHER RELATED MATTERS

The Company has adopted the following policies to align with the changes to the CG Code:

### (1) Anti-corruption policy

The Board has adopted the anti-corruption policy ("**Anti-Corruption Policy**") which sets out the principles and guidelines for the Company to promote and support anti-corruption laws and regulations. The Anti-corruption Policy sets out the basic standard of conduct which applies to all directors and employees of the Company at all levels (collectively known as "**employees**") and external parties doing business with the Company and those acting in an agency or fiduciary capacity on behalf of the Company (e.g. agents, consultants and contractors) ("**Other Stakeholders**"). It also provides guidance to all employees on, among other matters, acceptance of advantage and handling of conflict of interest when dealing with the Company's business. The Company also encourages and expects Other Stakeholders to abide by the principles of the Anti-corruption Policy.

### (2) Whistleblowing policy

The Board has adopted the whistleblowing policy ("**Whistleblowing Policy**") which sets out, among other matters, the reporting and investigation procedures for the employees of the Group and Other Stakeholders to raise concerns, in confidence and anonymity, about possible improprieties in matters related to the Group.

### (3) Shareholders' communication policy

The Board has adopted the shareholders' communication policy ("**Shareholders Communication Policy**"). With the objective of ensuring that the Shareholders and potential investors are provided with timely access to information about the Company, the Company has established several channels to communicate with the Shareholders and solicit and understand the views of Shareholders. The Company reviewed the implementation and effectiveness of the Shareholders Communication Policy and considered the policy to be effective for the year ended 31 December 2025 after reviewing the Shareholder and investor communication activities conducted in the reporting period.

## CONSTITUTIONAL DOCUMENTS

During the Financial Year, the Company has adopted the New Articles of Association in substitution for and to the exclusion of the Existing Articles of Association by way of the special resolution passed by the Shareholders at the 2025 annual general meeting of the Company held on 30 May 2025. Details of the amendments are set out in the circular of the Company dated 10 April 2025 to the Shareholders.

The New Articles of Association are available on both the websites of the Stock Exchange and the Company.

# Environmental, Social and Governance Report



## DIRECTOR MESSAGE

The Board of Directors (“**the Board**”) of Tycoon Group Holdings Limited (“**the Group**”) is fully committed to enhancing the Group’s sustainability performance and ensuring that environmental, social and governance (“**ESG**”) considerations are integrated into our overall business strategy. The Board assumes ultimate responsibility for overseeing ESG-related risks and opportunities and ensures that the Group operates in full compliance with applicable laws and regulations across all jurisdictions in which we conduct business. In fulfilling its governance role, the Board also places significant emphasis on addressing the expectations and interests of stakeholders, recognising that effective ESG management is essential to long-term value creation, operational resilience and responsible growth.

To support informed decision-making, the Group monitors and gathers ESG-related data through its ESG Committee, which comprises representatives from finance, human resources, marketing, procurement, sourcing and other relevant functions. The Committee consolidates and analyses this information to prepare the annual ESG report. During the Board’s annual review, directors examine the Group’s ESG performance, assess alignment with corporate strategy, evaluate regulatory compliance, and consider emerging sustainability trends that may be material to the business and its stakeholders. This process enables the Board to identify areas requiring enhancement and to provide strategic direction for continuous improvement. Where necessary, the Board invites external experts to offer professional advice, strengthen compliance practices and ensure that the Group’s ESG governance framework remains robust and forward-looking.

During the reporting year, the Group strengthened its sustainability performance through enhanced governance and responsible operations. As a leading omnichannel brand marketing and management service provider in Hong Kong, specializing in health and well-being products, we remain committed to optimizing our environmental and social performance. Resources were devoted to environmental initiatives including improving resource efficiency and strengthening climate-risk preparedness, while social initiatives focused on supply-chain responsibility and employee well-being. Internally, strong occupational health and safety measures supported a resilient workforce. The Group also advanced community contributions through donations, disaster-relief support and volunteer engagement.

Looking ahead, the Board remains cautiously optimistic about the operating environment. Hong Kong’s economy showed signs of strengthening in 2025, supported by an increase in visitor arrivals and a steady rise in private consumption. While these indicators point toward gradual recovery, the retail sector continues to face structural challenges, including shifts in consumer behaviour, evolving spending patterns among Individual Visit Scheme travellers and ongoing cost pressures. Despite these headwinds, the Group has demonstrated resilience by closely tracking market developments, adapting business strategies and accelerating product innovation to meet changing customer needs. Several of the Group’s flagship health products continued to achieve strong market performance, contributing meaningfully to overall sales momentum.

At the same time, Southeast Asia has emerged as a dynamic growth region, drawing heightened interest from the Hong Kong government and the wider business community. The Board believes that the Group's early strategic expansion into Southeast Asia has positioned us advantageously for future development. In the coming years, the Group will continue to deepen its presence in these high-potential markets and further broaden its business footprint. The Board remains committed to guiding the Group toward sustainable growth, enhanced competitiveness and long-term value creation for all stakeholders.

We have made active progress towards the material sustainability concerns of our valued stakeholders and look forward to sharing our growth with you.

On behalf of the Board

**Wong Ka Chun Michael**

*Chairman, Executive Director and Chief Executive Officer*

Hong Kong, 31 March 2026

## ABOUT THIS REPORT

The Board of Tycoon Group Holdings Limited (“**Company**”, together with its subsidiaries, the “**Group**”) is pleased to present this Environmental, Social and Governance (“**ESG**”) Report (“**this ESG report**”) for the financial year ended 31 December 2025 (“**Reporting Year**” or “**Reporting Period**”). This report is the Company’s sixth ESG report since 2020. It is published annually to keep the stakeholders updated on the latest development of ESG performances.

This ESG report is developed in accordance with “Environmental, Social and Governance Reporting Code” (“**the Code**”) in Appendix C2 of the Listing Rules. It fulfills the “mandatory” and “comply or explain” provisions of the Code. Both the English and Chinese versions of this ESG report are available on our website (<https://www.tycoongroup.com.hk>) and the Hong Kong Stock Exchange’s website (<http://www.hkexnews.hk>).

### Overview of the Group

The Group is a Hong Kong-based provider of a variety of proprietary Chinese medicines (as defined in the Chinese Medicine Ordinance, Chapter 549 of the Laws of Hong Kong) (“**PCM**”), health supplement, skin care, personal care and other healthcare products, mainly selling and distributing such products of third-party brands and the Group’s own brands.

The Group operates three business segments: i) the e-commerce business, ii) the distribution business and iii) the retail store business. The first two are the Group’s main business segments.

The Group’s e-commerce business includes the operation of online stores and wholesale to e-commerce customers, deriving its revenue mainly from consumers in Mainland China (the People’s Republic of China) (“**PRC**”). The Group’s distribution business includes the distribution of consumer products to large chain retailers, non-chain retailers (mainly pharmacies) and traders primarily in Hong Kong and Macau. The Group’s retail store business includes sales of products through its brick-and-mortar retail store in Macau.

As a reputable provider of health and well-being related products, Tycoon has distributed over 100 brands and is one of the major distributors for PCM in Hong Kong. We have established a diversified sales network through its distribution and retail business, bringing reputable and high-quality products to consumers through its online and offline dual-channel commerce strategy. The products distributed by us include products bearing the brands of third-party brand owners, which are sourced from the brand owners and/or distributors and traders, and Private Label Products, i.e. products developed and marketed under the brands of our Group and produced by external manufacturers engaged by us on an ODM (original design manufacturing) basis.

## Reporting boundary

This ESG report covers the Group's commitments and practices in environment, social and governance performance for the Reporting Year. Its operational scope includes the e-commerce, distribution and retail sales of PCM, health supplement, skincare, personal care and other healthcare products in Hong Kong, Macau, Mainland China and Southeast Asia. These businesses are deemed significant for their financial and operational performance to the Group and its stakeholders. Information and data were collected concerning operations at i) our Group's headquarter in Hong Kong, ii) Macau offices, iii) PRC offices, and iv) Singapore offices.

## Reporting principles

According to the Code, the following reporting principles are applied when preparing the report:

**Materiality:** Our latest materiality assessment was conducted in 2020 by seeking input from key stakeholders, and its process and outcomes were described in this report. The same assessment has been used to establish the inclusion and prioritisation of this year's material topics.

**Quantitative:** The Group has recorded and estimated quantitative information and compared it with the past performances where applicable. Appendix 3: Reporting Guidance on Social KPIs and Appendix 2: Reporting Guidance on Environmental KPIs issued by the Stock Exchange, and nationally recognised methodologies, served as references for all quantitative calculations.

- **Greenhouse Gas (GHG) calculation references and methodologies are based on Appendix 2:** Reporting Guidance on Environmental KPIs issued by the Stock Exchange, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, IPCC Sixth Assessment Report, and CDP Technical note: Conversion of fuel data to MWh. Latest grid emission factors published i) in the List of Grid Emission Factors, version 10.10 by the Institute for Global Environmental Strategies, ii) by the PRC's National Development and Reform Commission, iii) Energy Market Authority of Singapore and iv) in the reports of utility companies including Companhia de Electricidade de Macau (CEM) and CLP Holdings Limited, are used.
- **Environmental Key Performance Indicators (KPIs):** Data availability and reporting scope for environmental KPIs are further clarified and provided under the 'Environmental' section of this report.

**Consistency:** The Group adopts consistent data retrieval methods from our internal record system to enable consistent comparisons over time. If there are any changes that may affect the comparison with previous reports in the future, the Group will make explanatory notes to the corresponding sections hereof.

**Balance:** The Group upholds this reporting principle to prepare ESG reports and strives to disclose both challenges and opportunities of ESG issues that the Group experienced during the Reporting Period. Pictures, charts and graphs reflect the actual performances of the Group, and with appropriate presentation formats, to avoid misleadingness.

### Climate-related Disclosure Requirements

The Group conducted a quantitative assessment of climate-related financial risks for the reporting year. The assessment concluded that the Group is not exposed to material financial impacts arising from climate change. In line with this outcome, the Group’s disclosures focus on its climate-related governance and policies, the key climate risks identified, the mitigation measures implemented to prevent or reduce potential impacts, and the corresponding quantitative results of the financial impact assessment.

### STAKEHOLDER ENGAGEMENT

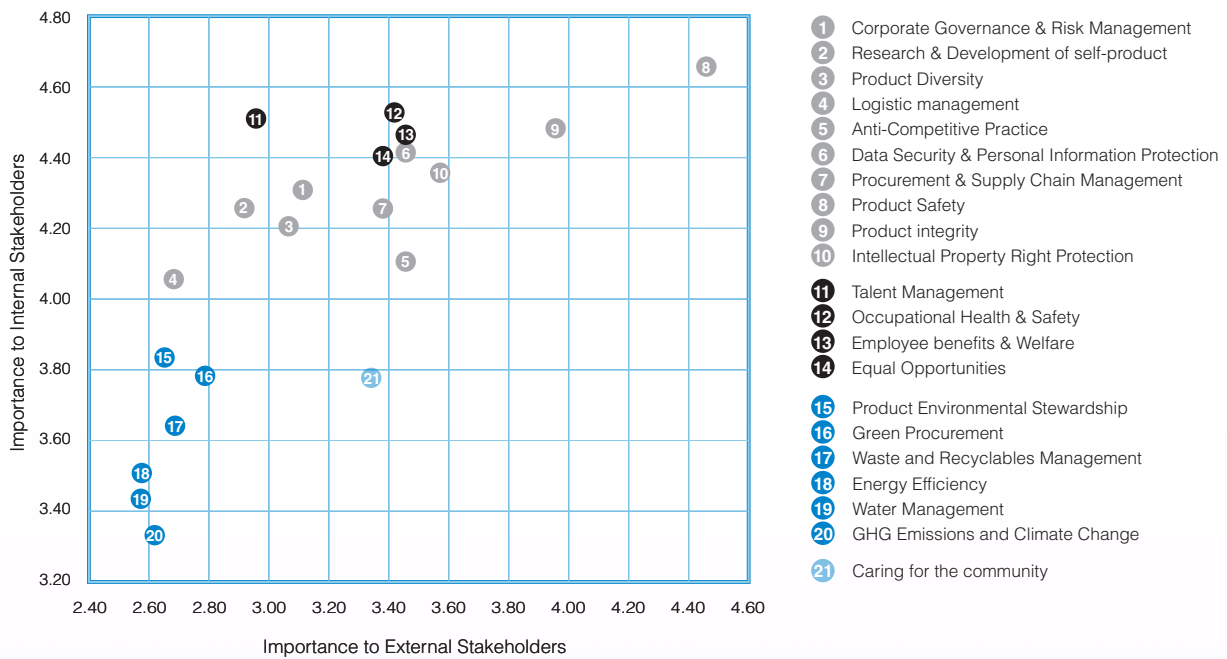
It is important to understand our stakeholders’ needs and expectations. Better yet, their opinions help the Group to identify as well as prioritise development strategies. The communication channels we use to engage with different stakeholders regularly are as follows:

Stakeholder category	Communication channel(s)	
Customers	<ul style="list-style-type: none"> <li>• Websites</li> <li>• Emails</li> <li>• Customer satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>• Annual reports</li> <li>• General meetings</li> <li>• Customer service hotline</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Day-to-day training</li> <li>• Regular meetings</li> <li>• Phone calls</li> <li>• Internal circulars (notices, intranet)</li> </ul>	<ul style="list-style-type: none"> <li>• Emails/opinion collection boxes</li> <li>• Appraisal</li> <li>• Annual reports</li> <li>• Instant communication platforms</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Hotlines/emails</li> <li>• Onsite visit</li> </ul>	<ul style="list-style-type: none"> <li>• Annual performance review</li> <li>• Annual reports</li> </ul>

## MATERIALITY ASSESSMENT

Due to no change of key stakeholders, it is expected that the materiality assessment result does not have a major change after internal assessment. The Group will review the result annually to check the necessary of conducting stakeholder engagement and materiality assessment. The Group identified and formulated 21 material sustainability topics back in 2020, and determined their inclusion and prioritisation for reporting by engaging with key internal and external stakeholder groups.

**Materiality Matrix**



Thirteen ESG topics were concluded to be material after scoring, with the top five main topics ranked as follows: product safety, product integrity, occupational health & safety, intellectual property rights protection, and employee benefits and welfare.

### 13 material ESG topics identified

#### Product responsibility

- Product safety
- Product integrity
- Intellectual property rights protection
- Product diversity
- Information security and personal data protection
- Research & development of self-product

#### Supply Chain Management

- Procurement and supply chain management

#### Community Engagement

- Caring for the community

#### Employment and labour practices

- Occupational health & safety
- Employee benefits and welfare
- Equal opportunities
- Talent management

#### Corporate governance

- Corporate governance and risk management

Despite scoring least in relevance, the following topics are also monitored:

- Logistic management;
- Green procurement;
- Product environmental stewardship;
- Waste and recyclables management;
- Energy efficiency;
- Water management; and
- Greenhouse gas (GHG) emissions and climate change.

Basic disclosure over our performance and management approaches in these topics are disclosed under “Standard ESG Disclosures” in this report.

## SUSTAINABILITY GOVERNANCE

### Board Statement

#### *The Board's ESG Oversight*

The Board of Directors (“**Board**”) is pleased to publish its latest ESG report to demonstrate continuous improvement on the sustainability performance of the Group. The Board assumes overall responsibility for the oversight of ESG-related issues, including but not limited to ESG strategy and reporting, is accountable for annual review and approval over data collected and presented in this report.

The company ESG directions align with international standards including United Nations Global Compact (UNGC) Principles. Below table shows each UNGC principle and the related ESG issue identified. Description of the connection between our ESG topics and the UNGC principles are also presented.

UNGC Principle	Tycoon ESG topics	Description
<b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights	13. Employee benefits and welfare	The Group adheres strictly to the national laws and relevant legal regulations of the countries where we conduct our business. We advocate for human rights in both the workplace and the community. Our commitment lies in strengthening and respecting the global recognised human right, while also safeguarding the legal rights of our employees.
<b>Principle 2:</b> Make sure that they are not complicit in human rights abuses	12. Occupational health & safety 13. Employee benefits and welfare	The Group pledges to assure the business is not involving in events that exploiting human rights.
<b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	13. Employee benefits and welfare	The Group recognises the significance of realizing workforce opinion. Employees are afforded the complete freedom to associate and possess the authority to engage in collective bargaining.
<b>Principle 4:</b> The elimination of all forms of forced and compulsory labour	13. Employee benefits and welfare	The Group respects workplace labour rights, we do not tolerate any forms of forced or compulsory labour.
<b>Principle 5:</b> The effective abolition of child labour	13. Employee benefits and welfare	The Group strictly prohibit any forms of child labour. We proactively check the identification and qualification documents of our new joiners to avoid child labour.

UNGC Principle	Tycoon ESG topics	Description
<p><b>Principle 6:</b> The elimination of discrimination in respect of employment and occupation</p>	<p>11. Talent management 14. Equal opportunities</p>	<p>The Group upholds the values of diversity and anti-discrimination, prohibit all forms of discrimination including racial, nationality, religion, disability, sexual, education, qualification with attitude of “respect, adaptation, acceptance, integration”. We offer equal opportunities to all staff, prohibiting any tangible and intangible acts of sexual harassment, bullying and discrimination in our workplace.</p>
<p><b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges</p>	<p>20. Greenhouse gas (GHG) emissions and climate change</p>	<p>The Group is ready to tackle the challenges posed by climate change and the environment. We have integrated climate change related issue into the risk management system, with the aim of mitigating environmental risks and capitalizing on opportunities. Regular review are done by the management for continuous improvement.</p>
<p><b>Principle 8:</b> Undertake initiatives to promote greater environmental responsibility</p>	<p>17. Waste and recyclables management 18. Energy efficiency 19. Water management</p>	<p>The Group targets to upgrade the business operation to a more environmentally sustainable practice. We are taking steps ahead to meliorate our process impact to the environment.</p>
<p><b>Principle 9:</b> Encourage the development and diffusion of environmentally friendly technologies</p>	<p>15. Product environmental stewardship 16. Green procurement</p>	<p>The Group is seeking opportunities to integrate the environmentally friendly technologies into our business operations.</p>
<p><b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery</p>	<p>1. Corporate governance and risk management</p>	<p>The Group recognise the significance of combating corruption throughout the supply chain. Our Group is dedicated to adhering to relevant competition laws, anti-corruption laws, and personal information protection laws. Additionally, we prioritise enhancing the legal compliance awareness of our employees through education and training initiatives.</p>

## MATERIAL DISCLOSURE

### PRIORITY TOPICS

#### *Product Safety*

The Group places strong emphasis on safeguarding consumer health and safety, recognising that product quality is fundamental to maintaining trust in our brands and meeting regulatory expectations. To this end, we have established a robust quality assurance framework designed to identify, manage and mitigate potential safety risks throughout the product lifecycle. This framework includes stringent internal control procedures, systematic product inspections and traceability measures, as well as close coordination with our suppliers to ensure that all raw materials and finished products meet applicable regulatory and quality standards.

Regular communication with customers and distribution partners further supports our monitoring efforts, enabling the Group to address feedback promptly and continuously improve product formulation, packaging and usage guidance. The Group maintains full compliance with relevant regulations in the markets in which it operates. In Hong Kong, we hold a Wholesaler Licence in Proprietary Chinese Medicines under the Chinese Medicine Ordinance, demonstrating adherence to statutory requirements for storage, handling and distribution. In Macau, we are licensed for the import, export and wholesale of pharmaceutical products, ensuring regulatory oversight across cross-border operations.

Several of the Group's product lines – such as California Baby, Nordic Naturals and AZO Cranberry – have been recognised with a range of international awards, reflecting industry acknowledgement of product quality and safety performance. Additional information is available on the respective brand websites.

During the Reporting Period, the Group was not aware of any material non-compliance with any of the relevant laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to products and services provided by the Group.

#### **Product Integrity**

##### *Quality Assurance*

The Group maintains a rigorous approach to product integrity, supported by a comprehensive quality management system that governs every stage of the product lifecycle. Our sourcing, sales and marketing functions play an active role in upholding these standards, ensuring that product safety considerations are embedded from initial product selection through to after-sales support. All products procured for distribution must be accompanied by valid safety certifications, documentation verifying their country of origin and relevant compliance records in accordance with regulatory requirements in our operating markets.



To assure ongoing conformity with quality and safety expectations, the Group engages accredited third-party testing laboratories to conduct random inspections on selected product batches. These assessments cover a wide range of parameters, including heavy metals, microbiological contaminants, pesticide residues and nutritional composition, enabling us to identify potential risks and address them promptly. In addition, suppliers and brand owners are required to provide up-to-date testing reports, ISO 9001 and ISO 22000 certifications and any necessary permits prior to onboarding and throughout the duration of the partnership. These measures collectively ensure that the legality, quality and claimed benefits of the products are verified, and potential risks are effectively managed to protect consumer well-being and maintain market confidence.

In the Reporting Year, all of our food-related products successfully passed random internal inspections. All validated reports have been thoroughly documented and securely maintained.

### *Product Commitment*

The Group is committed to upholding the highest standards of product integrity through strict compliance with all applicable product labelling and marketing regulations. Clear, accurate and comprehensive product information is essential to safeguarding consumer health, preventing adverse reactions and reducing the risk of misuse or overdose during normal consumption. Accordingly, all products distributed by the Group carry labels that clearly disclose key information, including ingredient lists, potential allergens, additives, nutritional values, brand details, contact information, best-before dates, product volume, usage guidelines, recommended dosage and storage instructions. Where required, product packaging also includes medical prescription information to support responsible use.

To ensure consistency and accuracy, our sales and marketing team works closely with the technical team in developing product descriptions and promotional materials. The technical team reviews the supporting documentation provided by suppliers – such as product specifications, test reports and safety certifications – to ensure that all claims are substantiated and compliant. Only factual, verifiable information is incorporated into product communications, thereby eliminating misleading or exaggerated statements.

The Group's product labelling practices fully comply with relevant Hong Kong legislation, including the Trade Descriptions Ordinance, the Undesirable Medical Advertisements Ordinance, the Consumer Goods Safety Regulation and the Food and Drugs (Composition and Labelling) Regulations. These requirements guide the structure and presentation of product information, ensuring that consumers have adequate and accurate details to make informed purchasing decisions.

To further support product integrity, customers may seek assistance from our dedicated customer service professionals through hotlines or in-store promoters. Where necessary, customers may also contact distributors to arrange product returns or refunds, ensuring that consumer rights and confidence are always maintained.

### ***Product recall and complaint handling***

The Group is committed to safeguarding consumer health by maintaining an effective and transparent mechanism for managing product complaints and potential recalls. Customer feedback is an important indicator of product performance and safety, and it plays a key role in informing our continuous improvement efforts. To facilitate timely communication, the Group provides multiple channels for customers to submit feedback or lodge complaints, including verbal enquiries, written submissions and direct contact with frontline staff.

Upon receiving a complaint, our customer service team promptly acknowledges the case and initiates a structured investigation process. This includes reviewing complaint details, coordinating with relevant departments and assessing whether immediate risk-mitigation actions are required. Particular attention is given to matters relating to product efficacy, reports of adverse reactions and any potential health or safety issues. Where necessary, findings are escalated to senior management for review and further action, including product withdrawal or recall procedures. These measures ensure that consumer concerns are addressed promptly and responsibly, reinforcing trust in the Group's product stewardship.

In the Reporting Year, the Group did not receive any significant complaint, and there were no product recalls for safety or health reasons.

### **Occupational Health and Safety**

The Group places the utmost importance on the health, safety and well-being of its employees, recognising that a safe and supportive working environment is essential to operational excellence, employee satisfaction and long-term business sustainability. We are committed to cultivating a workplace that is healthy, safe and comfortable for all staff members, regardless of job function or location. Our approach centres on identifying, assessing and eliminating potential hazards, supported by a structured and continuously improving safety management framework that promotes risk prevention and enhances organisational resilience.

To oversee these efforts, a cross-branch Safety Committee has been established, comprising representatives from the Human Resources Department and the Sales and Marketing Department. The committee is responsible for monitoring occupational health and safety (OHS) issues across the Group, reviewing workplace conditions, identifying emerging risks and recommending appropriate control measures in accordance with local operational requirements and regulatory expectations. This cross-functional governance structure enables timely decision-making and strengthens accountability for safety performance.

Training and competency-building form a core component of our OHS programme. All newly onboarded and existing employees receive regular safety training tailored to the needs of their roles. This includes cardiopulmonary resuscitation (CPR) training, Automated External Defibrillator (AED) instruction, workplace hazard identification and other essential safety topics. During the reporting period, the Group organised multiple OHS workshops and fire drills to reinforce emergency preparedness and promote awareness of safe work practices among employees. These activities foster a proactive safety culture and ensure staff members are equipped with the knowledge needed to respond effectively to unexpected incidents.



Beyond internal initiatives, the Group stays abreast of relevant government policies and evolving industry practices to ensure alignment with the latest standards in labour protection and workplace safety management. This ongoing monitoring underscores our commitment to protecting the welfare of our workforce and maintaining compliance with regulatory requirements. Hygiene and infection-control measures also remain a priority across all office and operational sites. Regular cleaning and disinfection schedules are implemented, with careful attention paid to the choice, concentration and exposure time of disinfectants to ensure their effectiveness. Continuous communication is maintained with property management teams and cleaning service providers to oversee the quality of hygiene maintenance. Employees are also encouraged to remain vigilant and to uphold good personal and workplace hygiene habits.

The Group has recorded no work-related fatalities over the past three years. During the Reporting Period, 13 lost workdays resulted from two work-related injuries. Those cases related to traffic accident and office equipment operation. To prevent similar cases from happening again, we have implemented measures including regular commuter-safety training and injury-handling procedures to enhance overall workplace safety. We remain committed to maintaining strong safety controls and communicating health and safety protocols clearly across the organisation. Regular safety reminders are shared through email notices and workplace posters, using materials from the Occupational Safety and Health Council – such as “General Safety Instruction for Manual Handling” and “Exercises for a Healthy Back” – to reinforce proper lifting techniques and ergonomic practices.

In our warehouses, safety policies such as stockpile height limits and designated storage procedures are strictly enforced to prevent accidents and ensure a safe working environment. In the event of an incident, the Group provides immediate support to the affected employee and initiates a thorough investigation to identify the root cause. Where appropriate, external experts or consultants may be engaged to assist in the investigation and to propose corrective and preventive measures.

Overall, the Group remains steadfast in its commitment to maintaining a safe and healthy workplace. By strengthening safety awareness, implementing robust controls and fostering a culture of collective responsibility, we continue to protect the well-being of our employees and ensure the safe and sustainable operation of our business.

During the Reporting Period, there were no non-compliance issues with any health and safety-related laws and regulations in Hong Kong, PRC and Macau.

### **Intellectual Property Rights Protection**

The Group has established relevant policies for managing product patents, intellectual property rights, and privacy. We maintain our own research and development team and own self-developed brands. We take intellectual property rights seriously, and as of 2025, own more than 60 registered trademarks for our Private Label Products.

The Group is committed to protecting intellectual property rights (IPR) and ensuring that all trademarks, logos and proprietary materials are used in a lawful and responsible manner. The Sales and Marketing Department is designated to oversee the use, collection and disclosure of trademarks and other intellectual property assets, ensuring that all applications of brand logos, certification marks and promotional materials strictly follow the instructions and authorisation guidelines of the respective brand owners. In parallel, the Group requires all third-party partners to adhere to the same standards when using the Group's trademarks or promotional assets, safeguarding the integrity and reputation of our brands.

To maintain full compliance with intellectual property laws, the Group ensures that all software applications, licensed technologies and patented tools used within the organisation are obtained through legitimate channels. The use of unlicensed or unauthorised copies is strictly prohibited. Access to digital assets is managed through department-specific folders on the company server, supported by permission controls designed to prevent unauthorised access, misuse or data leakage.

A dedicated legal team supports the Group's efforts by overseeing IPR matters, providing guidance on compliance obligations and addressing potential infringement risks. Supplier contracts also incorporate explicit warranty clauses requiring partners to confirm that their products and materials do not infringe upon third-party intellectual property rights. These measures collectively reinforce the Group's commitment to upholding high standards of intellectual property protection across its operations and value chain.

## **Employee Benefits and Welfare**

### *Benefits and Welfare*

Since its establishment, the Group has placed strong emphasis on fostering an equitable, supportive and rewarding workplace. We are committed to ensuring that all employees are treated fairly and consistently, with compensation packages determined primarily on the basis of individual performance, professional experience and job responsibilities. Market practices and industry benchmarks are also considered to ensure that our remuneration structure remains competitive and aligned with prevailing standards. The Group conducts regular reviews of its remuneration policies to evaluate their fairness, transparency and effectiveness, allowing timely adjustments where necessary.

Beyond competitive compensation, the Group actively promotes employee well-being and work-life balance by organising a variety of welfare and engagement activities. These include complimentary Chinese soup breaks, birthday celebrations, festive gatherings, happy hour or afternoon tea sessions, monthly team gatherings, quarterly leisure outings and structured team-building activities. These initiatives are designed to strengthen team cohesion, reduce workplace stress and enhance employees' sense of belonging.

The Group also upholds employees' statutory rights and benefits in all operating regions. Employees in Mainland China are provided with "Five Social Insurances and One Housing Fund," while employees in Hong Kong are enrolled in the Mandatory Provident Fund (MPF) scheme, ensuring long-term financial protection. All staff members are entitled to paid leave benefits including annual leave, maternity leave, marriage leave and other forms of statutory or company-provided leave. Employees in Hong Kong also benefit from comprehensive medical insurance plans, which cover general health services, dental check-ups and periodic medical examinations.

During the Reporting Period, the Group has not identified any non-compliance against the relevant regulations of employment in the reporting scope.

## CORPORATE GOVERNANCE

### Corporate Governance and Risk Management

#### *Anti-corruption*

The Group recognises integrity, ethical conduct and accountability as fundamental principles of responsible corporate governance. Upholding these values is critical to safeguarding stakeholder trust, protecting the Group's reputation and ensuring long-term operational resilience. In line with applicable anti-corruption laws and regulations, the Group strictly prohibits all forms of bribery, extortion, fraud, money laundering and other unethical or unlawful behaviour. These requirements apply to all employees, management personnel and members of the Board of Directors, regardless of seniority or function.

To reinforce a culture of ethical behaviour, the Group has developed a comprehensive Code of Conduct that outlines expected standards relating to anti-corruption, conflict of interest, confidentiality and responsible business practices. All newly hired employees are required to read the Code of Conduct on their first day of employment and must sign an acknowledgement confirming their understanding and commitment to comply with the policies. Executive directors and senior management are held to the same obligations. To strengthen ongoing awareness, the Group provides regular refresher training to existing employees, ensuring that all staff remain familiar with compliance expectations and are equipped to identify and avoid improper conduct.

The Group has also implemented a formal Whistleblowing Policy to support early detection of misconduct and to encourage a transparent reporting culture. Employees, suppliers, customers and other stakeholders may confidentially report any suspicious, unethical or illegal activities through designated channels, including email, hotline and telephone. Reports are handled sensitively and in strict confidence, and whistleblowers are protected from retaliation or harassment in accordance with internal guidelines. The Group actively investigates all submissions, and the relevant team takes swift action when conduct violates internal policies or poses risks to the Group's interests. Preventive guidelines are further reinforced through employee handbooks, internal communications and periodic announcements.

To encourage accountability, the Group may provide recognition or commendations to individuals who report malpractice in good faith, supporting a collective commitment to integrity. Anonymous reporting avenues are also available to ensure that stakeholders feel safe when raising concerns.

Oversight of anti-corruption compliance is entrusted to a dedicated committee responsible for monitoring adherence to ethical standards, reviewing reported cases and assessing the effectiveness of internal controls. In instances where non-compliance or suspected criminal activity is identified, the Group will immediately initiate an investigation and cooperate fully with law enforcement authorities where necessary. The Group maintains a zero-tolerance approach to corruption and will take decisive action against any unlawful behaviour.

During the Reporting Period, no suspected or confirmed cases of bribery, extortion, fraud, or money laundering were reported against Tycoon Group. The Group has fully complied with all relevant laws and regulations related to bribery, extortion, fraud, and money laundering in Hong Kong, Macau, Mainland China and Singapore.

### *Anti-corruption training*

Category	Total Number of Trained Employees in 2025 (%)	Average Number of Hours of Training Completed by Each Employee in 2025 (Hour)
<b>By Employee Category</b>		
Director	2	0.15
Manager	7	0.19
General Staff	50	0.39

## EMPLOYMENT AND LABOUR PRACTICES

### Labour Practices

The Group is committed to upholding fair, lawful and responsible labour practices across all operations. We strictly comply with employment laws and regulations in the regions where we operate, including statutory provisions governing minimum working age, worker rights and employment protections. To ensure adherence, the Group conducts identity verification during recruitment to confirm that all candidates meet the legal working-age requirement and possess valid documentation for lawful employment. In the rare event that child labour or illegal employment is identified, the employment relationship is terminated immediately. Where appropriate, the Group will seek assistance from relevant social service institutions to ensure proper care and support for the individual concerned, reflecting our responsibility to safeguard vulnerable persons.

The Group maintains a firm prohibition against forced labour in all forms. We recognise that responsible labour practices extend beyond legal compliance and include the promotion of a healthy work-life balance for all employees. To protect staff well-being, the Group adopts a prudent approach to workforce planning and scheduling, ensuring that workloads and assignments are reasonable and manageable. Overtime work, when



unavoidable, must be approved in advance by management and carried out in accordance with statutory requirements and internal policies. Through these measures, the Group strives to foster a safe, supportive and respectful working environment that promotes employee welfare and operational integrity.

During the Reporting Year, there was no non-compliance with relevant laws and regulations reported relating to child and forced labour.

### **Compensation and promotion**

The Group recognises that attracting, developing and retaining high-calibre talent is fundamental to sustaining long-term business growth and maintaining the quality of products and services delivered to customers. To this end, we offer competitive and market-aligned compensation packages that acknowledge employee contributions and reinforce their ongoing commitment to the Group's success. Remuneration decisions are guided by a structured performance management system in which employees are evaluated annually against clearly defined key performance indicators. The results of these appraisals form the basis for promotion considerations, salary reviews and adjustments to incentive entitlements.

The Group is committed to providing fair and equal opportunities to all employees. Decisions regarding promotion, remuneration and advancement are based solely on merit, qualifications, demonstrated capability, job performance and organisational needs. Internal mobility is encouraged, and well-qualified internal candidates are given priority for open positions, enabling employees to pursue career growth within the organisation. All hiring and promotion processes follow a non-discriminatory approach, ensuring that every candidate is assessed equitably and that opportunities are allocated based on competence and readiness.

Training and development programmes play a central role in supporting employees' career progression. All staff members receive regular training covering product knowledge, technical expertise, regulatory compliance, cybersecurity awareness and other job-specific competencies. In addition, the Group provides a broad range of soft-skills training to strengthen communication, leadership, problem-solving and interpersonal capabilities. The Human Resources Department conducts periodic reviews of training content to ensure alignment with evolving market trends, industry practices and global environmental changes. By integrating training outcomes into the promotion process, employees are encouraged to continually enhance their professional capacity and stay informed of changes in job requirements, operational procedures and safety standards.

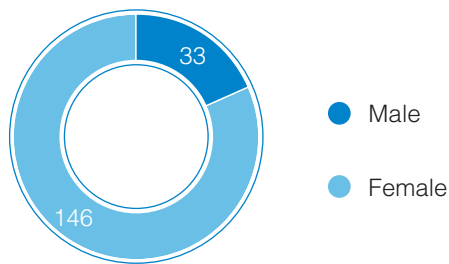
The Group benchmarks its remuneration packages against industry norms to remain competitive and attractive in the labour market. Remuneration structures reflect the nature and responsibilities of each role and may include base salary, overtime allowances, performance bonuses, travel subsidies and other benefits relevant to job requirements. Performance appraisal cycles vary by role and seniority level, enabling assessments that reflect the expectations of different positions.

To further enhance employee motivation and recognise outstanding contributions, the Group launched a Share Award Scheme in 2021. Under this scheme, eligible employees may receive equity-settled awards as part of their overall compensation. These share-based incentives align employee interests with the long-term development of the Group and reinforce a sense of ownership and partnership in the organisation's growth.

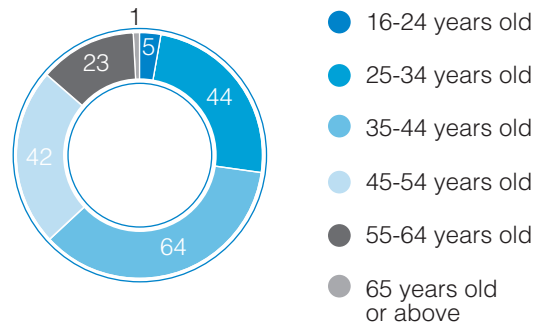
### Team Structure

On 31 December 2025, the Group had 179 employees of which general staff accounted for around 72% (129). The remaining 28% (50) employees were the directors and managers. Detailed team structure by gender, age group, geographical region, employee category and employment type are shown below.

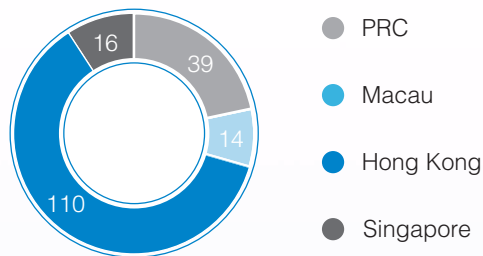
**Total workforce by gender**



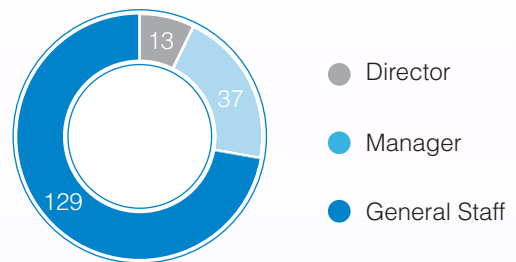
**Total workforce by age group**



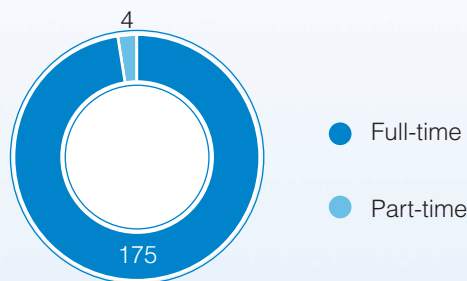
**Total workforce by geographical region**



**Total workforce by employee category**



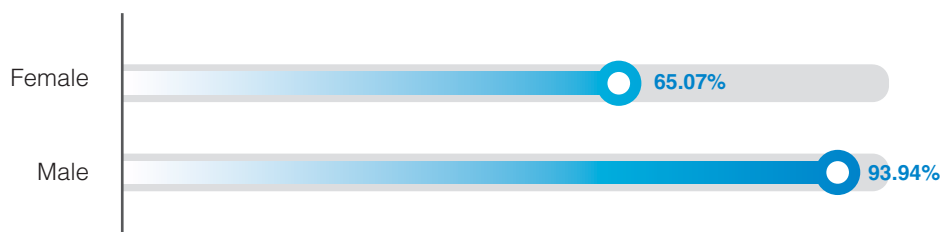
**Total workforce by employment type**



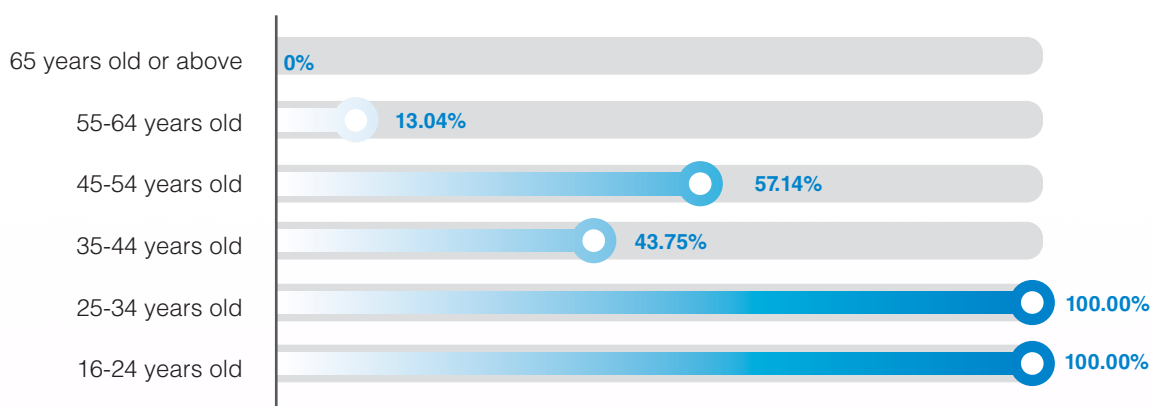
### Workforce Composition

In the Reporting Period, the overall turnover rate was around 70%. For the turnover rate by gender, age group and geographical region<sup>1</sup>, please refer to the bar charts below<sup>2</sup>.

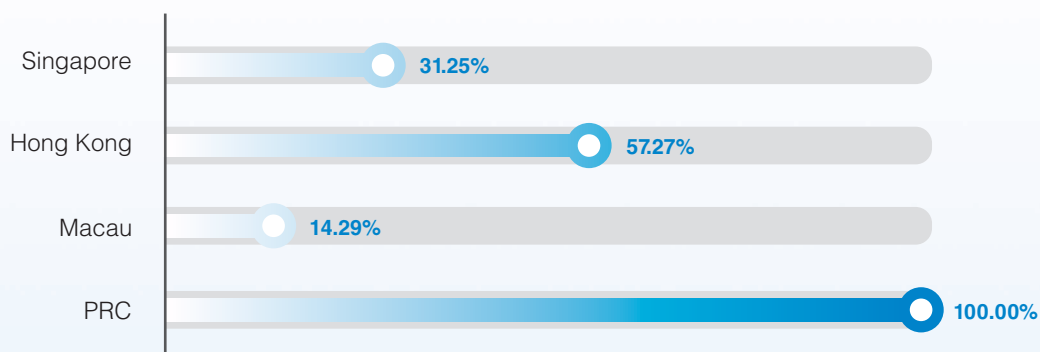
**Employee turnover rate by gender**



**Employee turnover rate by age group**



**Employee turnover rate by geographical region**



1 “Turnover rate” calculation formula: Employees in the specific category leaving employment/Number of employees in the specific category \* 100%

2 Figures adjusted to 100%

## Recruitment, Dismissal, Equal Opportunity and Anti-discrimination

The Group is committed to building an inclusive, safe and harmonious workplace, recognising that employees are fundamental to the organisation's long-term success. We believe that a supportive working environment encourages open communication, collaboration and cooperation across all levels of the organisation. By fostering mutual respect and an atmosphere in which employees feel valued and included, the Group aims to enhance staff morale, strengthen engagement and cultivate a strong sense of belonging.

During the Reporting Period, the Group fully complied with the employment-related laws and regulations applicable to each of its operating locations. Recruitment processes are conducted through a standardised and transparent approach designed to ensure fairness, consistency and compliance with legal requirements. Candidate shortlisting follows objective criteria that consider relevant experience, professional capabilities, qualifications and business needs. Decisions are made without regard to race, gender, age, marital status, pregnancy, family status, sexual orientation, religion, nationality or any other characteristic unrelated to job performance. Depending on the role, interviews, written assessments or aptitude tests may be employed to support an equitable selection process and allow management to make informed decisions.

The Group also upholds fair and lawful practices in employee dismissal. Termination decisions strictly follow statutory requirements and internal policies. Every departing employee is invited to participate in an exit interview conducted by the Human Resources Department. Feedback gathered through this process provides valuable insights into employee experience and areas for organisational improvement. Where relevant, the Group reviews and refines internal practices based on the feedback received to enhance employee satisfaction and workplace effectiveness.

The Group maintains a zero-tolerance stance toward discrimination, intimidation, humiliation, bullying or harassment of any kind, including sexual harassment. Employees who experience or witness such behaviour are encouraged to report their concerns directly to their department representative, the management representative or the General Manager. All complaints are handled seriously, confidentially and in accordance with established procedures. The Group is committed to ensuring that every case is addressed promptly, impartially and without fear of retaliation. Through these measures, the Group reaffirms its commitment to equal opportunity, respect in the workplace and the protection of employee rights.

During the Reporting Period, there was no non-compliance with any of the relevant laws and regulations reported relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

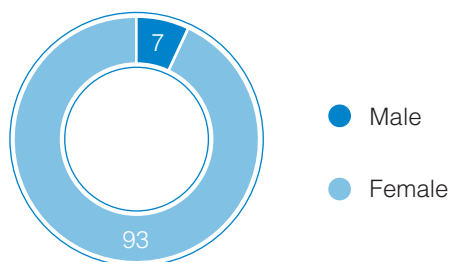
## Talent Management

To address the dynamic market landscape and ensure that employees are well-equipped with the latest technologies and technical knowledge, the human resources department has introduced a specialised training program focused on product knowledge for promoters and marketing teams. This program aims to provide

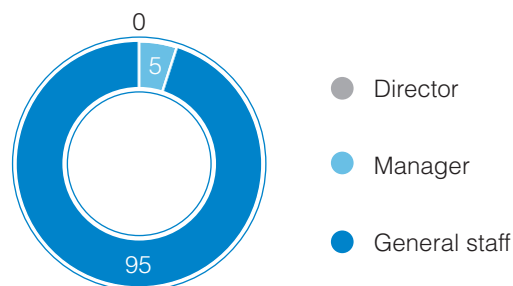
our employees with the necessary skills and expertise to navigate the dynamic market environment effectively. During the Reporting Period, there were 155 training hours offered to 60% (108) employees. The percentage of trained employees and the average training hours by gender and employee category are shown below. The average training hours were 0.87 per person in the Reporting Period.

**Training hours completed**

**Percentage of employees trained by gender**



**Percentage of employees trained by employee category**



**Average training hours completed (hours)<sup>3</sup>**

**Per employee by gender**

Male	0.27
Female	1

**Per employee category**

Director	N/A
Manager	0.70
General staff	1

Employees trained and total training hours completed on anti-corruption awareness could be found in the “Corporate Governance” section of this report.

3 “Average training hours completed” calculation formula: Number of training hour in specific category/number of employees in specific category

## PRODUCT RESPONSIBILITY

### Product Diversity

The Group is committed to enriching the daily lives of customers by offering a diverse range of products that promote a healthy, active and well-balanced lifestyle. Product diversification is a strategic priority, enabling the Group to respond to evolving consumer needs and emerging wellness trends. Since 2021, the Group has actively expanded its portfolio by securing distribution rights for a number of reputable health product brands. Among these, the Group has obtained exclusive distributorship rights in Hong Kong and Macau for selected health supplement products under the Culturelle® brand.

Culturelle® is a leading probiotic brand in the United States, well recognised for its science-based formulations that support digestive and immune health for infants, children and adults. Its products are designed to improve gut microbiome balance – an area that has gained increasing attention as consumer awareness of immunity and gastrointestinal health continues to rise. This product addition aligns with a broader global trend in which probiotics are viewed as an important component of preventive healthcare. In 2020, the National Health Commission of the PRC noted that intestinal micro-ecological regulators, commonly known as probiotics, may help alleviate symptoms and aid recovery by restoring intestinal microflora balance. As probiotics can reduce the likelihood of secondary infections, the Group's expansion into this category reflects a timely response to public health considerations and changing consumer preferences.

Alongside expanding its product suite, the Group has continued to strengthen its international presence since 2020. Over the years, it has built a comprehensive sales network and a broad product portfolio, consolidating its position as an omni-channel brand marketing and management service provider. The Group currently operates sourcing centres in Japan, South Korea, Singapore, Malaysia, Thailand, Vietnam, Macau, Australia and France, enabling access to high-quality products and enhancing diversification across markets. Looking ahead, the Group will continue to explore partnerships and distribution opportunities for premium health, wellness and beauty products, further broadening its product diversity to meet the dynamic needs of consumers.

## Data Security and Personal Information Protection

As digital technology continues to advance, the Group recognises that improvements in system efficiency and connectivity also give rise to heightened cybersecurity risks. Protecting the confidentiality, integrity and availability of information is therefore a critical component of the Group's operational risk management framework. To safeguard the data of customers, employees, suppliers and business partners, the Group has established comprehensive information technology and data protection policies that outline clear requirements for secure handling, storage and transmission of information.

The Group adheres strictly to legal and regulatory requirements applicable in each operating region, including provisions governing the lawful collection, use and retention of personal data. Personal information is collected directly, for specific and clearly defined purposes, and is processed only to the extent necessary for business operations. All data stored or transmitted electronically is encrypted and protected by updated antivirus and malware-prevention software. Technical and organisational measures are implemented to prevent unauthorised or accidental access, alteration, loss, destruction or misuse of personal data. Disclosure of personal information follows a strict need-to-know principle, ensuring that only personnel with relevant responsibilities are granted access.

Access to customer data is restricted to designated management personnel with appropriate authority levels. These individuals receive regular training on data protection requirements, cybersecurity risks and emerging regulatory developments. Employees who mishandle data or engage in any form of misconduct related to information security are subject to disciplinary action, including dismissal where warranted. In the event of unauthorised data access, collection or disclosure, the Group is obligated to notify affected clients promptly in accordance with applicable legal requirements.

To maintain the reliability and resilience of the Group's information systems, routine system checks, vulnerability assessments and enhancements are conducted. These ongoing improvements support the effectiveness of the Group's data protection practices and ensure the continued provision of safe, secure and high-quality services to customers.

## Research and development of own-brand products

Our Private Labels have a team of technical professionals, including registered pharmacists and nutritionists, supporting product design, market values, labelling and scientific analysis. The Group has established and developed its own well-received brands of healthcare products, including "Boost & Guard Pro (BG Pro 博健專研)", "Craft by Wakan (和漢匠心)", and "Kinmen Qiangxiao (金門強效)". We are bound by regional laws and international standards.

## OPERATING PRACTICES

### Procurement and supply chain management

The Group places strong emphasis on responsible procurement practices and recognises the importance of corporate social responsibility in maintaining a resilient and sustainable supply chain. We are committed to integrating environmental protection, occupational health and safety, and ethical business conduct into our procurement framework. To ensure that our suppliers uphold standards consistent with the Group's values, a comprehensive Supplier Code of Conduct has been established. This Code outlines expectations relating to legal compliance, responsible sourcing, labour practices, environmental management and integrity in business operations, forming the foundation for effective supplier oversight.

To maintain transparency and accountability, the Group conducts annual assessments of its key suppliers. These evaluations help monitor performance in meeting social responsibility requirements and provide an opportunity to support suppliers in improving their sustainability practices. Through close collaboration and continuous engagement, the Group aims to foster ethical behaviour, strengthen risk management and promote sustainable development across the entire supply chain.

### Supplier assessment

The Group has established a comprehensive and structured supplier assessment framework designed to ensure that all procurement activities align with our standards for quality, responsibility and operational reliability. This framework provides clear guidance to employees on the systematic selection, evaluation and approval of suppliers. The assessment process considers multiple criteria, including product quality, pricing structure, market potential, supply capacity and compliance with regulatory requirements. For key raw materials and critical components, suppliers are required to provide verified test reports, safety documentation and relevant certifications to ensure the authenticity and quality of ingredients or finished products.

To maintain consistent oversight, the Group requires all key suppliers to undergo an annual performance review. These evaluations help the Group monitor compliance with contractual obligations, product quality expectations and service standards. Suppliers that fail to meet the Group's requirements are instructed to implement corrective actions within a specified timeframe. If repeated assessments indicate persistent non-compliance or an inability to meet required conditions, the Group reserves the right to suspend or terminate the business relationship to safeguard product integrity and minimise operational risks.

In response to increasing environmental awareness in society and among stakeholders, the Group is allocating resources to explore enhancements to environmentally responsible procurement practices. Moving forward, suppliers will increasingly be assessed not only on product and service performance but also on their environmental management practices and social responsibility commitments. This reflects the Group's objective of promoting sustainability across its supply chain.

To prevent disruptions and strengthen supply chain resilience, the Group maintains close and proactive communication with its suppliers. Forecast orders and demand projections of up to one year in advance are shared to support suppliers' production planning and capacity management. Regular meetings are held to review market changes, adjust demand schedules and ensure alignment between both parties. Strong, long-term partnerships with suppliers enable timely responses, operational flexibility and efficient coordination across the supply chain.

### Suppliers by geographic region

Geographic region	Number of suppliers
Canada	3
Hong Kong, China	279
Australia	25
United States	9
Japan	33
Mainland China	27
India	4
Macau, China	2
Singapore	13
Italy	2
Taiwan	11
Korea	15
Indonesia	0
France	2
Germany	5
Malaysia	6
Thailand	7
United Kingdom	3
Others	2

## COMMUNITY

### Caring for the Community

The Group is committed to contributing positively to society and actively supports community initiatives in areas such as education, social welfare and public health. We recognise the importance of strengthening community well-being and encourage employees to engage in volunteer services that create meaningful social impact. To support this, the Group provides opportunities and platforms for staff to participate in charitable activities, allowing them to apply their skills and compassion beyond the workplace. By integrating community involvement into daily operations and employee engagement efforts, the Group continues to foster a culture of care, social responsibility and collective contribution to the communities we serve.

During the Reporting Year, our Group dedicated 10 hours to volunteer service. Our volunteer team joined the Benji's Walkie Talkie Walkathon, raising funds and support underprivileged children with speech disorders. In response to the fire incident at Wang Fuk Court in Tai Po, the Group acted swiftly by engaging with partnering organisations to identify the immediate needs of affected residents. We donated a range of emergency supplies – including iodine solution, medical adhesive dressings, cotton swabs, cotton balls and toothbrushes – with a total value of approximately HKD210,000. These materials were provided to support the health, hygiene and daily necessities of impacted households. Through this effort, the Group demonstrated its commitment to supporting the community during emergencies and contributing to the well-being of those in need.

## STANDARD ESG DISCLOSURES

### Operating Practices

#### *Logistics management*

Effective logistics management is essential to ensuring that products remain in optimal condition throughout the inventory and distribution process. The Group's delivery team strictly follows suppliers' specified storage requirements, maintaining temperatures below 25 degrees Celsius and humidity levels under 65% to protect product quality and stability. When additional temporary storage is required, all operators are instructed to comply with the same environmental controls, ensuring consistent handling standards across locations. These measures minimise the risk of product denaturation or deactivation and help safeguard the integrity and safety of the products delivered to our customers.

#### **Green Procurement**

The Group is committed to promoting environmentally responsible procurement practices by prioritising the purchase of eco-friendly products wherever feasible. This includes sourcing office supplies such as recycled-content paper, pens with replaceable components and recyclable laser printer cartridges to reduce resource consumption and waste. The Group also adheres to the requirements of the Energy Efficiency (Labelling of Products) Ordinance when procuring electrical appliances, ensuring that all devices meet stringent energy performance standards. In addition, preference is given to furniture manufactured using environmentally sustainable materials, reinforcing our commitment to reducing environmental impact across daily operations.

## Product Environmental Stewardship

### *Environmentally preferable products*

#### *Case Study: Biolane*

Biolane is France's No.1 baby washing care brand and the best-selling baby washing care brand in France. The "Biolane Expert Organic Series" provides protection to babies and the environment in a natural and organic way. The products are certified by ECOCERT Greenlife COSMOS for their 99% natural and organic content. The aloe and shea butter used in the "Biolane Expert Organic Series" come from Fair Trade, which helps producers in developing countries achieve sustainable and equitable trade relationships. Besides, the product packaging of the "Biolane Expert Organic Series" is an eco-friendly packaging with 100% plant-based vegan bottles, which is compostable and reduces environmental impact.

#### *Case Study: California Baby*

California Baby, the global leading producer of organic skincare products, is dedicated to crafting safe, pure, and top-notch items for consumers while minimizing its ecological footprint. To achieve this, California Baby has implemented solar panels that supply up to 80% of the energy required for its manufacturing facility in California, USA. Recognizing the environmental concerns associated with packaging, California Baby recycles post-consumer plastic to replace conventional HDPE plastic bottles in its products. This approach helps conserve energy and natural resources while reducing greenhouse gas emissions. The full implementation of post-consumer recycled packaging began in 2019, and the company is currently in the process of transitioning to recycling post-consumer packaging for all its products.

#### *Case Study: Nordic Naturals*

Nordic Naturals is a Norwegian fish oil company that provides its primary Omega-3 product all over the world. It is committed to conserving the health of the oceans. The headquarter in California is LEED gold certified. Nordic Naturals also utilises unused fats from the fish oil production process to generate power, supporting the electricity of the headquarter. Moreover, all omega-3 products are certified by Friend of the Sea (FOS) to guarantee the products are from sustainable fisheries and minimise the impacts on the ecosystem. All the product containers and packaging are recyclable.

## ENVIRONMENTAL PROTECTION

### Overview

The Group recognises that its long-term success is closely linked to the sustainable development of society and the preservation of the environment. Although our business operations are primarily office-based and therefore generate a relatively low environmental footprint compared with industrial sectors, we remain committed to fulfilling our corporate social responsibility by integrating environmental considerations into daily operations. The Group adopts a precautionary approach by operating in an environmentally responsible manner, preventing pollution, reducing waste and encouraging efficient use of resources such as electricity, water and office supplies. Environmental protection principles are embedded into routine practices, including green procurement initiatives, waste reduction measures and employee engagement activities that promote environmentally conscious behaviour. Over the years, the Group's efforts in environmental stewardship have been recognised within the community, reinforcing our commitment to contributing positively to environmental sustainability. We will continue to seek opportunities to enhance our environmental performance and support broader sustainability goals.

During the Reporting Period, there was no environmental non-compliance with relevant laws and regulations reported relating to air and greenhouse emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

### Waste and Recyclables Management

Due to the arrangement between our offices and their respective property management companies, waste disposal data has not been available for reporting purposes. The Group's non-hazardous waste and hazardous waste are centrally handled. At our China offices, waste is collected by the building's management companies and transported to municipal-approved locations.

### Non-hazardous Waste

The Group adopts the principles of Reduce, Reuse and Recycle as the foundation of its waste management approach. As an office-based organisation, most of the waste generated comprises general household waste, which is collected and disposed of by licensed waste collectors in accordance with regulatory requirements. The remaining portion consists primarily of non-hazardous recyclable materials such as paper packaging, office paper and plastic beverage bottles. To minimise resource consumption, the Group continues to advance its electronic office initiatives by utilising office automation tools and Systems Applications and Products in Data Processing (SAP) to reduce reliance on physical documents. When printing is unavoidable, duplex printing and the use of environmentally friendly paper are encouraged to reduce paper usage and promote responsible consumption. Through these measures, the Group seeks to reduce its environmental footprint and strengthen sustainable waste management practices across its operations.

In the Reporting Year, the Group's generation of non-hazardous waste is not significant.

Below show our waste reduction targets and measures taken during the Reporting Year:

Environmental targets	Directional statements	Measures taken during the year
Waste reduction	Reduce paper waste generated from the office operation	<ul style="list-style-type: none"> <li>• Enhanced digital workflows and file management systems to minimise paper use;</li> <li>• Promoted double-sided printing and responsible printing practices across offices;</li> <li>• Arranged scrap-paper recycling to reduce office waste</li> </ul>

**Hazardous Waste**

Although the Group operates primarily in an office environment, certain waste streams generated during daily operations are classified as hazardous and therefore require specialised handling. These include compact fluorescent lamps, used printer cartridges, spent toners and other items containing chemicals or materials that may pose environmental or health risks if improperly managed. The Group ensures that all hazardous waste is collected, stored and disposed of strictly in accordance with the regulatory requirements of each operating region. Designated containers with clear and prominently displayed labels are used to prevent accidental mixing, leakage or misuse of these materials.

To uphold safety and compliance, the Group engages only licensed and registered waste collectors for the handling and disposal of hazardous materials. The competence of these contractors is carefully assessed through verification of relevant permits, certifications and operational practices. Through these measures, the Group seeks to minimise environmental impact, ensure regulatory compliance and promote safe handling of hazardous waste across its offices.

## Energy Efficiency

Energy consumption comprises a key part of the Group's environmental profile. The heating, ventilation and air conditioning (HVAC) system is the largest source of energy consumption in day-to-day operation. Company vehicles for our Hong Kong and Macau operations are another factor contributing to energy consumption. Aiming for the high energy efficiency objective, and our energy use efficiency targets and measures taken during the year are presented in the table below:

Environmental targets	Directional statements	Measures taken during the year
Energy use efficiency	<ul style="list-style-type: none"> <li>• Adopt alternative means to reduce the use of company's vehicles for fuel consumption reduction;</li> <li>• Reduce the number of office equipment that consume energy.</li> </ul>	<ul style="list-style-type: none"> <li>• Adopted video conferencing for internal and intra-group meetings to reduce travel;</li> <li>• Increased the use of public transportation for essential business trips;</li> <li>• Procure electrical appliances with high energy efficiency;</li> <li>• Switch off idle equipment after office hours (e.g. lighting, personal computer, air-conditioners);</li> <li>• Maintained indoor room temperature at 24 to 26 Degrees Celsius at the office;</li> <li>• Placed energy-saving reminders at the pantry and office areas;</li> <li>• Use LED lighting.</li> </ul>

### Energy consumption

2025

Category	Measuring unit <sup>4</sup>	Total consumption	Intensity (per sales quantity)
Electricity purchased	kWh	242,712.81	0.00022
Unleaded petrol	kWh	14,151.01	0.000013

### Water Management

The Group recognises the importance of responsible water management in supporting environmental sustainability. As our office premises are managed by external property management companies, water sourcing, distribution and system maintenance are overseen by the respective building management teams. Given the absence of ownership and direct control over these facilities, the Group's ability to monitor total water consumption or implement infrastructure-level water-saving measures is inherently limited. Nevertheless, we remain committed to promoting water conservation within operational boundaries.

At the behavioural and daily operations level, the Group encourages employees to adopt mindful water-saving practices. Reminders promoting responsible water use are placed in pantries and washrooms to reinforce awareness. Staff members are encouraged to use refillable water bottles and rely on centralised water dispensers to reduce unnecessary consumption and packaging waste. Where feasible, the Group opts for fixtures equipped with water-efficient flow controllers and appliances bearing recognised water-efficiency labels. Through these efforts, the Group aims to cultivate a culture of conservation and contribute to reducing water usage across its workplaces.

### Water consumption

2025

	Measuring unit	Hong Kong headquarters	PRC offices	Macau offices	Singapore offices
<b>Total</b>	m <sup>3</sup>	238	1,218	70	12

### Water consumption, year-by-year comparison

	Measuring unit	2025	2024	2023
<b>Total</b>	m <sup>3</sup>	1,538	2,539	2,347
<b>Intensity</b>	L per sales quantity	0.0014	0.0029	0.0022

4 The conversion factors from volumetric units of fuel consumption to energy units are in reference to CDP Technical note: Conversion of fuel data to MWh.

## Greenhouse Gas (GHG) Emissions and Climate Change

### Greenhouse Gas (GHG) Emissions

The Group's greenhouse gas (GHG) emissions primarily comprise Scope 1 emissions from the direct combustion of fossil fuels in company vehicles and Scope 2 emissions arising from electricity purchased for office operations. Given the office-based nature of our business and the relatively small size of our vehicle fleet, emissions from fuel consumption remain limited. Nonetheless, the Group remains committed to managing and reducing its carbon footprint. Routine engine inspections, timely repairs and preventive maintenance are carried out to ensure optimal fuel efficiency and minimise unnecessary emissions. In addition, the Group continues to explore cleaner mobility options, such as more efficient vehicle models and reduced-emission alternatives, while actively promoting low-carbon practices among employees. These efforts collectively support our broader commitment to environmental responsibility and climate mitigation.

2025

		Measuring unit
<b>Total GHG emissions (Scope 1, 2 and 3)</b>	120.09	tCO <sub>2</sub> e
<b>Intensity (per sales quantity)</b>	0.00000011	tCO <sub>2</sub> e
<b>Air pollutants</b>		
NO <sub>x</sub>	1.28	Kg
SO <sub>x</sub>	0.02	Kg
PM	0.09	Kg

2025

	Measuring unit	Hong Kong Headquarters	PRC offices	Macau offices	Singapore offices	
<b>Scope 1 – direct</b>						
Stationary combustion	0	tCO <sub>2</sub> e	0	0	0	
Mobile combustion	4.16	tCO <sub>2</sub> e	4.16	0	0	
<b>Scope 2 – energy indirect</b>						
Purchased electricity	101.92	tCO <sub>2</sub> e	58.11	33.15	10.67	0.01
<b>Scope 3 – other indirect</b>						
Business air travel	13.79	tCO <sub>2</sub> e	13.79	0	0	0
Paper disposal	0.22	tCO <sub>2</sub> e	N/A	0.22	N/A	N/A

Remarks:

- The intensity per sales quantity refers to the total number of products sold in the corresponding Reporting Period.
- The air emission is calculated based on the “How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs” published by HKEx.
- Scope 1 refers to direct greenhouse gas emission. Emission sources of the Company include diesel oil and gasoline mobile combustions.
- Scope 2 refers to energy indirect emission which results only from the generation of the Company’s purchased electricity.
- The production of hazardous waste considered as insignificant and managed by the service provider, hence no data was disclosed.
- The calculations of Greenhouse Gases Emissions are based on the IPCC Sixth Assessment Report Global Warming Potentials.

Below table shows the emission reduction targets and measures taken by our Group during the year:

Environmental targets	Directional statements	Measures taken during the year
Emission reduction	<ul style="list-style-type: none"> <li>• Reduce emissions from direct sources of GHG;</li> <li>• Lower the indirect GHG emissions by reducing the need for the purchase of external electricity.</li> </ul>	<ul style="list-style-type: none"> <li>• By introducing a video conferencing system for internal meetings, the Group has successfully reduced the necessity for business trips. As a result, there has been a decrease in the reliance on vehicles for transportation purposes;</li> <li>• Optimised office layout to remove energy-intensive facilities, thereby reducing GHG generated indirectly from power consumption.</li> </ul>

## *Climate Change*

The Group is dedicated to exploring the viability of supporting Hong Kong's plan to promote the use of electric vehicles in any possible way. We prioritise low-carbon emissions and actively seek environmentally responsible options for tendering, procurement, and purchasing decisions. During the Reporting Period, the Group was not aware of non-compliance with laws and regulations related to air and GHG emissions, including but not limited to the Air Pollution Control Ordinance (Cap. 311) of Hong Kong, which would have a significant impact on the Group's operation.

Since 2020, the Group has actively promoted climate-change awareness among employees through the establishment of a climate change statement, reinforcing organisational understanding of climate-related risks and the importance of sustainable practices. Looking ahead, the Group will continue to collaborate with stakeholders to identify, assess and manage both physical and transitional risks arising from climate change. Given the nature of our business, abnormal and extreme weather events may disrupt logistics and supply chain operations, while stakeholders increasingly express concern regarding greenhouse gas (GHG) emissions across the value chain. In addition, evolving government regulations on environmental management may introduce more stringent requirements for climate-related disclosures and performance.

To strengthen resilience, the Group assesses its exposure to acute physical risks by considering site characteristics and operational conditions. As the Group's production facilities and properties are located away from coastal zones, the likelihood of coastal flooding and certain severe weather hazards is relatively lower. Nonetheless, the Group maintains comprehensive preparedness measures, including internal notification protocols, escalation procedures, evacuation arrangements and incident investigation processes to ensure effective responses to climate-driven emergencies. Regular drills and training sessions are conducted to enhance employee readiness and clarify responsibilities during emergency situations. Property insurance coverage is also maintained to mitigate financial impacts associated with unforeseen events, further enhancing organisational resilience.

In support of regional and local carbon-neutrality goals, the Group will continue to enhance climate-related governance, improve emissions disclosure transparency and engage suppliers to explore packaging-reduction initiatives and low-carbon logistics solutions. By monitoring developments in climate science, policies and regulatory frameworks, the Group will regularly review and strengthen its climate-risk management approach to support long-term business sustainability in a transitioning low-carbon economy.

## *Packaging Materials*

The product packaging of our Private Label Brands has been outsourced to third-party factories. During the Reporting Period, our offices used packaging materials, including plastics, papers, stickers, labels and boxes, for several Private Label Brands including Boost & Guard Pro, Craft by Wakan, Boiron, Ebisu and DU'IT. Most of these materials were sourced by and purchased from a local label printing company. In the future, we will explore alternative methods in reducing the plastics and paper used, to reduce the impact brought by our business on the environment.

**Packaging materials consumption**

2025

		Measuring unit	Hong Kong headquarters	PRC offices	Macau offices	Singapore offices
<b>Total paper consumed</b>	0.046	Tons	N/A	0.046	N/A	N/A

**The Environment and Natural Resources**

Although the Group's core business activities have a relatively limited direct impact on the environment and natural resources, we remain committed to minimising any negative environmental consequences arising from our operations. As part of our environmental stewardship responsibilities, the Group conducts regular evaluations of potential environmental risks associated with our business processes, including resource consumption, waste generation and operational practices. These assessments enable us to identify areas for improvement and implement proactive measures to mitigate potential environmental impacts.

Compliance with all applicable environmental laws and regulations remains a fundamental priority for the Group. In addition to statutory requirements, we actively adopt recognised best practices in environmental management to enhance operational efficiency and reduce our overall ecological footprint. This includes efforts to better understand the environmental implications of our activities, limit unnecessary resource usage and encourage responsible behaviour across all departments.

To support long-term environmental sustainability, the Group has integrated principles of environmental protection and natural resource conservation into internal management frameworks and daily operational procedures. These initiatives are reinforced through internal communication, staff engagement and continuous operational reviews. Furthermore, the Group strives to align its environmental practices with relevant international standards to ensure that our approach remains forward-looking, credible and consistent with global sustainability expectations. Through these efforts, we aim to contribute meaningfully to environmental preservation and the responsible use of natural resources.

### *Support Short-dated Goods Saving Business*

The Group supports the principle of reducing food and product waste and actively contributes to short-dated goods saving initiatives. Since 2020, the Group has partnered with GreenPrice, a Hong Kong-based retailer specialising in short-dated goods, to offer selected products at significant discounts. Short-dated goods refer to pre-packaged items that are approaching – or have just passed – their “best before” date but remain safe for consumption and of acceptable quality when stored under proper conditions. Through this collaboration, products that would traditionally face disposal are able to remain available to consumers, thereby reducing unnecessary waste and extending the lifecycle of goods that are still fit for use.

This initiative reflects the Group’s commitment to promoting sustainable living and responsible consumption. By participating in short-dated goods redistribution, the Group encourages the public to rethink conventional purchasing habits and to embrace a more resource-conscious lifestyle. The partnership also aligns with broader environmental objectives by decreasing the volume of goods sent to landfills, reducing the environmental footprint associated with product disposal, and supporting the circular economy. The Group will continue exploring similar opportunities with like-minded partners to strengthen its contribution to waste reduction and sustainable consumption practices across the community.

### **CONCLUSION**

In the quest for continuous improvement, the Group will continue to keep abreast of sustainable development and to track the ESG performance and progress regularly. Valuable feedback enables us to improve our performance. For any comments regarding this report, please feel free to contact us by email at [info@tapgl.com](mailto:info@tapgl.com).

# Independent Auditor's Report



國富浩華（香港）會計師事務所有限公司  
**Crowe (HK) CPA Limited**  
香港 銅鑼灣 禮頓道77號 禮頓中心9樓  
9/F Leighton Centre,  
77 Leighton Road,  
Causeway Bay, Hong Kong

**To the Shareholders of Tycoon Group Holdings Limited**  
(incorporated in the Cayman Islands with limited liability)

## OPINION

We have audited the consolidated financial statements of Tycoon Group Holdings Limited (“**the Company**”) and its subsidiaries (“**the Group**”) set out on pages 121 to 207, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards (“**HKFRSs**”) as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“**the Code**”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is provision for inventories.

## KEY AUDIT MATTERS (continued)

### Key Audit Matter

### How our audit addressed the Key Audit Matter

#### **Provision for inventories**

Refer to Note 4(a) (Critical accounting estimates and judgements) and Note 19 (Inventories) to the consolidated financial statements for the related disclosures

The Group held inventories of HK\$173,885,000 as at 31 December 2025, net of provision for inventories of HK\$3,296,000. Inventories are carried at the lower of cost and net realisable value (“NRV”). Management’s judgement is required for assessing the appropriate level of inventory provision.

The Group estimates the provision for inventories based on the marketability of inventories and makes specific provision for slow-moving inventories.

For the year ended 31 December 2025, net reversal of provision for inventories of HK\$1,142,000 was made to the carrying amount of certain inventories to their estimated net realisable values.

We focused on this area because the magnitude of inventories and estimation of the provision for inventories involved a high level of management’s judgement.

Our audit procedures in relation to management’s assessment on provision for inventories included:

- Understood, evaluated and tested, on a sample basis, the key control procedures over management’s estimation of provision for inventories and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors;
- Evaluated the outcome of prior period assessment of provision for inventories to assess the effectiveness of management’s estimation process;
- Tested on a sample basis, the accuracy of the ageing profile of individual inventory items by checking to the underlying procurement correspondence and invoices;
- Challenged and evaluated the appropriateness of management judgement made in respect to provision for inventories; and
- Tested on a sample basis, the NRV of selected inventory items, by comparing the selling price less the costs necessary to make the sales subsequent to the year end, against the carrying values of these individual inventory items as at the year end. Where there are no subsequent sales of the respective inventory items after the year end, we challenged management as to the realisable values of the inventories, corroborating explanations with the ageing profile, historical margins and marketability of the respective inventories, as appropriate.

Based on the procedures described, we found the judgements and estimates of management in relation to the provision for inventories were supportable by available evidence.

## OTHER MATTER

The consolidated financial statements for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 28 March 2025.

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. CHIU Lung Sang.

### **Crowe (HK) CPA Limited**

Certified Public Accountants

### **CHIU Lung Sang**

Practising Certificate Number: P08091

Hong Kong

31 March 2026

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Revenue</b>	6	1,096,637	876,037
Cost of sales	8	(826,601)	(643,382)
<b>Gross profit</b>		270,036	232,655
Other income	6	1,971	4,489
Other gains, net	6	1,536	308
Selling and distribution expenses	8	(135,299)	(109,876)
General and administrative expenses	8	(95,492)	(95,325)
Reversal of impairment losses/(impairment losses) on financial assets, net		773	(2,255)
Operating profit		43,525	29,996
Finance costs	7	(22,036)	(21,238)
Share of results of investments accounted for using the equity method		(4,017)	(3,297)
<b>Profit before income tax</b>		17,472	5,461
Income tax (expense)/credit	10	(1,988)	566
<b>Profit for the year</b>		15,484	6,027
<b>Other comprehensive income/(loss)</b>			
<i>Items that have been reclassified or may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of the financial statements of foreign subsidiaries		639	(5,590)
<b>Total comprehensive income for the year</b>		16,123	437
<b>Profit attributable to:</b>			
Equity holders of the Company		15,670	3,240
Non-controlling interests		(186)	2,787
		15,484	6,027
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company		16,309	(2,350)
Non-controlling interests		(186)	2,787
		16,123	437
<b>Earnings per share attributable to the ordinary equity holders of the Company</b>			
Basic (HK cents per share)	11	HK1.9 cent	HK0.4 cent
Diluted (HK cents per share)	11	HK1.9 cent	HK0.4 cent

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

As at 31 December 2025

	<i>Notes</i>	<b>2025</b> HK\$'000	2024 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	13	50,288	53,058
Right-of-use assets	14	15,044	10,465
Intangible assets	15	255,303	82,861
Investments accounted for using the equity method	17	–	81,057
Prepayments and deposits	18	414	477
Deferred income tax assets	27	13,750	4,427
<b>Total non-current assets</b>		<b>334,799</b>	232,345
<b>Current assets</b>			
Inventories	19	173,885	167,027
Prepayments, deposits and other receivables	18	294,297	252,512
Amounts due from related parties	20	–	49,024
Trade receivables	21	296,945	270,635
Cash and cash equivalents	22	70,337	34,020
<b>Total current assets</b>		<b>835,464</b>	773,218
<b>Total assets</b>		<b>1,170,263</b>	1,005,563
<b>Non-current liabilities</b>			
Loans from shareholders	26	12,882	–
Lease liabilities	14	6,759	4,476
Deferred income tax liabilities	27	8,455	2,987
<b>Total non-current liabilities</b>		<b>28,096</b>	7,463

	<i>Notes</i>	<b>2025</b> <b>HK\$'000</b>	2024 HK\$'000
<b>Current liabilities</b>			
Trade payables	<i>23</i>	<b>146,878</b>	132,321
Other payables and accruals	<i>24</i>	<b>38,485</b>	50,008
Bank borrowings	<i>25</i>	<b>310,384</b>	270,296
Loans from shareholders	<i>26</i>	<b>89,000</b>	50,000
Lease liabilities	<i>14</i>	<b>9,029</b>	6,207
Current tax liabilities		<b>3,163</b>	311
<b>Total current liabilities</b>		<b>596,939</b>	509,143
<b>Total liabilities</b>		<b>625,035</b>	516,606
<b>Equity</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	<i>28</i>	<b>8,940</b>	8,000
Reserves		<b>528,056</b>	470,852
		<b>536,996</b>	478,852
Non-controlling interests	<i>16</i>	<b>8,232</b>	10,105
<b>Total equity</b>		<b>545,228</b>	488,957
<b>Total equity and liabilities</b>		<b>1,170,263</b>	1,005,563

**Wong Ka Chun Michael**  
*Director*

**Li Ka Wa Helen**  
*Director*

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to equity holders of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Merge reserve	Other reserve	Share held under share award plan	Share based payment reserve	Statutory reserve	Exchange reserve	Retained profits	Total		
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
<b>Balance at 1 January 2025</b>	8,000	230,865	(80)	(8,066)	(74,806)	24,134	278	(4,060)	302,587	478,852	10,105	488,957
Profit for the year	-	-	-	-	-	-	-	-	15,670	15,670	(186)	15,484
Other comprehensive income:												
Exchange differences arising on translation of the financial statements of foreign subsidiaries	-	-	-	-	-	-	-	639	-	639	-	639
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	-	-	-	-	639	15,670	16,309	(186)	16,123
Transactions with owners in their capacity as owners:												
Acquisition of a subsidiary (Note 31)	-	-	-	-	-	-	-	-	-	-	(1,687)	(1,687)
Vesting of shares under share award scheme	-	11,946	-	-	13,586	(19,082)	-	-	-	6,450	-	6,450
Acquisition of shares for share award scheme (Note 29(b))	-	-	-	-	(11,615)	-	-	-	-	(11,615)	-	(11,615)
Issuance of shares	940	46,060	-	-	-	-	-	-	-	47,000	-	47,000
<b>Balance at 31 December 2025</b>	8,940	288,871	(80)	(8,066)	(72,835)	5,052	278	(3,421)	318,257	536,996	8,232	545,228

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity  
For the year ended 31 December 2025

	Attributable to equity holders of the Company										Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merge reserve HK\$'000	Other reserve HK\$'000	Share held under share award plan HK\$'000	Share based payment reserve HK\$'000	Statutory reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
<b>Balance at 1 January 2024</b>	8,000	231,772	(80)	(8,066)	(30,768)	6,215	278	1,530	327,347	536,228	7,318	543,546
Profit for the year	-	-	-	-	-	-	-	-	3,240	3,240	2,787	6,027
Other comprehensive loss:												
Exchange differences arising on translation of the financial statements of foreign subsidiaries	-	-	-	-	-	-	-	(5,590)	-	(5,590)	-	(5,590)
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	-	-	-	-	(5,590)	3,240	(2,350)	2,787	437
Transactions with owners in their capacity as owners:												
Vesting of shares under share award scheme	-	(907)	-	-	3,562	17,919	-	-	-	20,574	-	20,574
Acquisition of shares for share award scheme (Note 29(b))	-	-	-	-	(47,600)	-	-	-	-	(47,600)	-	(47,600)
Dividends to the shareholders of the Company	-	-	-	-	-	-	-	-	(28,000)	(28,000)	-	(28,000)
<b>Balance at 31 December 2024</b>	8,000	230,865	(80)	(8,066)	(74,806)	24,134	278	(4,060)	302,587	478,852	10,105	488,957

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	30(a)	100,002	(59,183)
Income taxes paid		(3,049)	(17,439)
Net cash generated from/(used in) operating activities		96,953	(76,622)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	13	(485)	(2,313)
Net cash outflow resulting from acquisition of subsidiaries	31	(31,966)	(7,752)
Proceeds from disposal of financial asset at fair value through profit or loss		–	58,587
Proceeds from disposal of investment in an insurance contract		7,285	–
Interest received		70	26
Net cash (used in)/generated from investing activities		(25,096)	48,548
<b>Cash flows from financing activities</b>			
Dividends paid to the shareholders of the Company		–	(28,000)
Acquisition of shares for employee share scheme	29(b)	(11,615)	(47,600)
Interest paid	30(b)	(22,036)	(21,388)
Proceeds from bank borrowings	30(b)	903,032	573,794
Repayment of bank borrowings	30(b)	(993,228)	(442,513)
Principal elements of lease payments	30(b)	(10,399)	(8,669)
Proceeds from loans from shareholders	30(b)	260,000	100,000
Repayment of loans from shareholders	30(b)	(208,118)	(100,000)
Issuance of shares	28	47,000	–
Net cash (used in)/generated from financing activities		(35,364)	25,624
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		34,020	39,101
Exchange losses on cash and cash equivalents		(176)	(2,631)
<b>Cash and cash equivalents at the end of the year</b>	22	<b>70,337</b>	<b>34,020</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Consolidated Financial Statements

## 1 GENERAL INFORMATION

Tycoon Group Holdings Limited (the “**Company**”) is an exempted company incorporated in the Cayman Islands with limited liability on 14 June 2017. The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 14, 8/F., Wah Wai Centre, 38-40 Au Pui Wan Street, Shatin, New Territories, Hong Kong.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 15 April 2020.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in the distribution and retail of health and well-being related products.

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company is Tycoon Empire Investment Limited, which is incorporated in the British Virgin Islands.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (“**HK\$’000**”), unless otherwise stated.

These consolidated financial statements were approved for issue by the board of directors of the Company (the “**Board**”) on 31 March 2026.

## 2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable HKFRS Accounting Standards (“**HKFRSs**”) as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and requirements of the Hong Kong Companies Ordinance Cap. 622.

HKFRSs comprise the authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the HKICPA

## 2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (continued)

### 2.1 BASIS OF PREPARATION (continued)

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss (“**FVPL**”), which are measured at fair values.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

#### 2.1.1 Amended standards adopted by the Group

The Group has applied the following amended standard for its annual reporting period commencing 1 January 2025:

Amendments to HKAS 21	Lack of Exchangeability
-----------------------	-------------------------

The amendment listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### 2.1.2 New standards and interpretations not yet adopted

Up to the date of approval for issue of these consolidated financial statements, the HKICPA has issued a number of new and amendments to HKFRS Accounting Standards which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these consolidated financial statements, as follows:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>1</sup>
Annual improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 <sup>1</sup>
HKFRS 18 and consequential amendments to other HKFRS Accounting Standards	Presentation and Disclosure in Financial Statements <sup>2</sup>
HKFRS 19 and subsequent amendments	Subsidiaries without Public Accountability: Disclosures <sup>2</sup>
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

1 Effective for annual periods beginning on or after 1 January 2026

2 Effective for annual periods beginning on or after 1 January 2027

3 Effective for annual periods beginning on or after a date to be determined

## 2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (continued)

### 2.1 BASIS OF PREPARATION (continued)

#### 2.1.2 New standards and interpretations not yet adopted (continued)

HKFRS 18 will replace HKAS 1 “Presentation of Financial Statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated statement of profit or loss and other comprehensive income providing management-defined performance measures within the consolidated financial statements.

The management is currently assessing the detailed implications of applying the new standard on the Group’s consolidated financial statements. The Group expects to apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

In addition to the abovementioned changes in presentation and disclosures, the Group is in the process of assessing the impact of adopting other new accounting standards and amendments to accounting standards and interpretation on its current or future reporting periods and on foreseeable future transactions.

## 3 FINANCIAL RISK

### 3.1 FINANCIAL RISK FACTORS

The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk, and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

Risk management is carried out by the management of the Group. Formal and informal meetings are held to identify and evaluate significant risks and to develop procedures to deal with any financial risks in relation to the Group’s business.

### 3 FINANCIAL RISK (continued)

#### 3.1 FINANCIAL RISK FACTORS (continued)

##### (a) Market risk

###### (i) Foreign exchange risk

The Group is subject to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities which are denominated in a currency other than the Group's functional currency.

The majority of the Group's transactions were denominated in its functional currency. There are no significant financial assets and financial liabilities denominated in currencies other than the functional currency for the period. The Group is therefore not exposed to significant foreign exchange risk. The Group currently does not hedge its foreign currency exposure.

###### (ii) Cash flow and fair value interest rate risk

The income and operating cash flows of the Group and the Company are both substantially independent of changes in market interest rates. Both the Group and the Company have no significant interest-bearing assets and liabilities, except for cash and cash equivalents, loans from shareholders and bank borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

As at 31 December 2025, if interest rate on cash and cash equivalents, loans from shareholders and bank borrowings issued at variable rates had been 50 basis points higher/lower with all variables held constant, post-tax profit for the year and equity of the Group would have been HK\$1,428,000 lower/higher (2024: HK\$1,195,000), mainly as a result of change in interest expenses on loans from shareholders and bank borrowings issued at variable rates (2024: same).

As at 31 December 2025, the fair value interest rate risk is insignificant to the Group (2024: same).

### 3 FINANCIAL RISK (continued)

#### 3.1 FINANCIAL RISK FACTORS (continued)

##### *(b) Credit risk*

The Group's credit risk is primarily attributable to trade receivables (Note 21), deposits and other receivables (Note 18), amounts due from related parties (Note 20) and cash and cash equivalents (Note 22), which represent the Group's maximum exposure to credit risk in relation to its financial assets.

##### *(i) Risk management*

To manage this risk, deposits of the Group are mainly placed with reputable banks. The Group has policies in place to ensure that sales are made to reputable and creditworthy customers with an appropriate financial strength, credit history and an appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

In addition, the Group reviews regularly the authorisation of credit limits to individual customers and recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group has concentration of credit risk. The largest and top five debtors accounted for 22.8% and 56.1% (2024: 31.2% and 70.1%) of the gross trade receivable balances as at 31 December 2025, respectively. Collections of outstanding receivable balances are closely monitored on an ongoing basis to minimise such credit risk.

##### *(ii) Impairment of financial assets*

Trade receivables, amounts due from related parties and deposits and other receivables of the Group are subject to the expected credit loss model. While cash and cash equivalent are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

### 3 FINANCIAL RISK (continued)

#### 3.1 FINANCIAL RISK FACTORS (continued)

##### (b) Credit risk (continued)

###### (ii) Impairment of financial assets (continued)

###### Trade receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Group measures the expected credit losses on a combination of both individual and collective basis.

###### Measurement of expected credit loss on individual basis

The receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for provision for impairment allowance. As at 31 December 2025, the expected credit loss on individual basis is close to zero (2024: same).

###### Measurement of expected credit loss on collective basis

Expected credit losses are also estimated by grouping the remaining receivables based on shared credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the customer and its credit rating, and applying expected credit loss rates to the respective gross carrying amounts of the receivables. The expected credit loss rates are adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables. As at 31 December 2025 and 2024, the balance of loss allowance in respect of these collectively assessed receivables was HK\$1,482,000.

###### Deposits and other receivables, amounts due from related parties, cash and cash equivalents

For other financial assets carried at amortised cost, including amounts due from related parties and deposits and other receivables, the expected credit loss is based on the 12-month. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. Management has closely monitored the credit qualities and the collectability of these receivables.

### 3 FINANCIAL RISK (continued)

#### 3.1 FINANCIAL RISK FACTORS (continued)

##### (b) Credit risk (continued)

###### (ii) Impairment of financial assets (continued)

Deposits and other receivables, amounts due from related parties, cash and cash equivalents (continued)

As at 31 December 2025, expected credit loss was Nil (2024: HK\$486,000) and HK\$520,000 (2024: HK\$807,000) on the amounts due from related parties and deposits and other receivables, respectively. Management considers that its credit risk has not increased significantly since initial recognition.

There is no loss allowance for cash and cash equivalents as at 31 December 2025 (2024: same).

##### (c) Liquidity risk

With prudent liquidity risk management, the Group aims to maintain sufficient cash and cash equivalents and ensure the availability of funding through an adequate amount of available financing, including bank borrowings and loans from shareholders. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and flexibility in funding through having available sources of financing.

Surplus cash held by the operating entities over and above the balance required for working capital management are transferred to interest-bearing bank deposits with appropriate maturities to manage its overall liquidity position. As at 31 December 2025, the Company maintained cash and cash equivalents of HK\$70,337,000 (2024: HK\$34,020,000), that are expected to be readily available and sufficient to meet the cash outflows of its financial liabilities, hence, management considers that Company's exposure to liquidity risk is not significant.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

### 3 FINANCIAL RISK (continued)

#### 3.1 FINANCIAL RISK FACTORS (continued)

##### (c) Liquidity risk (continued)

	Repayable on demand HK\$'000	Less than one year HK\$'000	Between one and two years HK\$'000	Between two and five years HK\$'000	Total HK\$'000
<b>At 31 December 2025</b>					
Trade payables	1,707	145,171	-	-	146,878
Other payables and accruals	-	34,070	-	-	34,070
Bank borrowings	310,384	-	-	-	310,384
Loans from shareholders	-	89,964	4,704	9,515	104,183
Lease liabilities	-	9,379	3,873	3,074	16,326
<b>Total</b>	<b>312,091</b>	<b>278,584</b>	<b>8,577</b>	<b>12,589</b>	<b>611,841</b>

	Repayable on demand HK\$'000	Less than one year HK\$'000	Between one and two years HK\$'000	Between two and five years HK\$'000	Total HK\$'000
<b>At 31 December 2024</b>					
Trade payables	10,876	121,445	-	-	132,321
Other payables and accruals	-	38,620	-	-	38,620
Bank borrowings	270,296	-	-	-	270,296
Loan from a shareholder	-	50,000	-	-	50,000
Lease liabilities	-	6,463	4,542	-	11,005
<b>Total</b>	<b>281,172</b>	<b>216,528</b>	<b>4,542</b>	<b>-</b>	<b>502,242</b>

Specifically, for bank borrowings which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

### 3 FINANCIAL RISK (continued)

#### 3.1 FINANCIAL RISK FACTORS (continued)

##### (c) Liquidity risk (continued)

The table that follows summarizes the maturity analysis of bank borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the “on demand” time band in the maturity analysis above. Taking into account the Group’s financial position, the directors do not consider that it is probable that the bank will exercise its discretion to immediate repayment. The directors believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Within one year HK\$'000	In the second year HK\$'000	In the third to fifth years, inclusive HK\$'000	Beyond five years HK\$'000	Total HK\$'000
<b>At 31 December 2025</b>					
Principal	301,118	1,362	3,116	4,788	310,384
Interest	11,520	343	677	522	13,062
Total	312,638	1,705	3,793	5,310	323,446
<b>At 31 December 2024</b>					
Principal	262,855	492	1,582	5,367	270,296
Interest	10,981	198	510	662	12,351
Total	273,836	690	2,092	6,029	282,647

### 3 FINANCIAL RISK (continued)

#### 3.2 CAPITAL MANAGEMENT

The Group regards its shareholder's equity as capital. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio, which is net debt divided by the total sum of equity attributable to equity holders of the Company ("**Capital**") plus net debt. Net debt includes bank borrowings, loans from shareholders, lease liabilities less cash and cash equivalents. Total capital comprises ordinary equity holders' equity as stated in the consolidated statement of financial position. The gearing ratios as at the end of the years ended 31 December were as follows:

	2025 HK\$'000	2024 HK\$'000
Bank borrowings	310,384	270,296
Loans from shareholders	101,882	50,000
Lease liabilities	15,788	10,683
Less: Cash and cash equivalents	(70,337)	(34,020)
Net debt	357,717	296,959
Capital	536,996	478,852
Capital and net debt	894,713	775,811
Gearing ratio	40.0%	38.3%

### 3 FINANCIAL RISK (continued)

#### 3.3 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST

The fair values of the following financial assets and liabilities approximate their carrying values due to their short-term maturities, or they are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group. Lease liabilities are initially measured on a present value basis by discounting the lease payments to net present value using the Group's incremental borrowing rate.

- Deposits and other receivables
- Amounts due from related parties
- Trade receivables
- Cash and cash equivalents
- Trade payables
- Other payables and accruals
- Bank borrowings
- Loans from shareholders
- Lease liabilities

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the financial statements are evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

### (a) Provision for inventories

The Group reviews the carrying value of its inventories to ensure that they are stated at the lower of cost and net realisable value. In assessing the net realisable value and making appropriate allowances, management identifies, using their judgement, inventories that are slow moving by considering their marketability. Where the expectation is different from the original estimate, such difference will impact the carrying amount of inventories and the impairment losses on inventories in the period in which such estimate is changed.

### (b) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 15. The recoverable amounts of cash-generating unit (“CGU”) have been determined based on value in use calculations. These calculations require the use of estimates. Estimating the value in use requires an estimate of the expected future cash flows from the cash-generating unit and also a suitable discount rate in order to calculate the present value of those cash flows. Judgement is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions could affect these cash flow projections and therefore the results of the impairment review. Details of the assumptions used in the impairment test of goodwill is disclosed in Note 15 to the consolidated financial statements.

## 5 OPERATING SEGMENT INFORMATION

The executive director has been identified as the chief operating decision-maker. The executive director reviews the Group's internal reports in order to assess performance and allocate resources. The executive director has determined the operating segments based on these reports. Operating segments are reported in manner consistent with the internal reporting to the Group's key management personnel as follows:

- (a) the distribution segment, which includes the operation of distributing products to chain retailers, non-chain retailers and traders;
- (b) the e-commerce segment, which includes the operation of online stores and wholesale to e-commerce customers; and
- (c) the retail store segment, which represents the operation of Hong Ning Hong Limited ("HNH").

The executive director monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax.

The adjusted profit before tax is measured consistently with the Group's profit before income tax except that gain on remeasurement of previously held interests in an associated company, loss on disposal of property, plant and equipment, fair value gain on financial assets at fair value through profit or loss, exchange loss, finance income, finance costs (interests on bank borrowings and loans from shareholders), share based payment expenses and corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude deferred income tax assets, amounts due from related parties, cash and cash equivalents, receivable from disposal of subsidiaries and corporate and other unallocated assets as these assets are managed on a group basis. Segment liabilities exclude deferred income tax liabilities, bank borrowings, loans from shareholders, current tax liabilities, and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

Information provided to the executive director is measured in a manner consistent with that of the consolidated financial information.

## 5 OPERATING SEGMENT INFORMATION (continued)

(a) The following table presents revenue and results for the Group's reportable segments:

	Distribution		E-commerce		Retail Store		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	701,572	699,649	243,372	-	151,693	176,388	1,096,637	876,037
Inter-segment revenue	58,054	15,111	34,576	-	4,361	1,357	96,991	16,468
Reportable segment revenue	759,626	714,760	277,948	-	156,054	177,745	1,193,628	892,505
Reportable segment results	51,076	57,272	6,942	(3,297)	1,216	8,966	59,234	62,941
Gain on remeasurement of previously held interests in an associated company							4,435	-
Loss on disposal of property, plant and equipment							(14)	-
Fair value gain on financial assets at fair value through profit or loss							-	837
Exchange loss							(2,885)	(529)
Finance income							70	26
Finance costs (interests on bank borrowings and loans from shareholders)							(20,648)	(20,041)
Share based payment expenses							(6,450)	(20,574)
Corporate and other unallocated expenses							(16,270)	(17,199)
Profit before income tax							17,472	5,461
Income tax (expense)/credit							(1,988)	566
Profit for the year							15,484	6,027

## 5 OPERATING SEGMENT INFORMATION (continued)

(b) The following table presents the total assets and liabilities for the Group's reportable segments:

	Distribution		E-commerce		Retail Store		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment assets</b>	<b>603,517</b>	616,720	<b>318,226</b>	81,057	<b>148,290</b>	142,186	<b>1,070,033</b>	839,963
Deferred income tax assets							13,750	4,427
Amounts due from related parties							-	49,024
Cash and cash equivalents							70,337	34,020
Receivable from disposal of subsidiaries							-	60,000
Corporate and other unallocated assets							16,143	18,129
<b>Total</b>							<b>1,170,263</b>	1,005,563

	Distribution		E-commerce		Retail Store		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment liabilities</b>	<b>(49,852)</b>	(148,103)	<b>(102,064)</b>	-	<b>(48,108)</b>	(44,011)	<b>(200,024)</b>	(192,114)
Deferred income tax liabilities							(8,455)	(2,987)
Bank borrowings							(310,384)	(270,296)
Loans from shareholders							(101,882)	(50,000)
Current tax liabilities							(3,163)	(311)
Corporate and other unallocated liabilities							(1,127)	(898)
<b>Total</b>							<b>(625,035)</b>	(516,606)

## 5 OPERATING SEGMENT INFORMATION (continued)

(b) The following table presents the total assets and liabilities for the Group's reportable segments: (continued)

	Distribution HK\$'000	E-commerce HK\$'000	Retail Store HK\$'000	Unallocated HK\$'000	Total HK\$'000
<b>2025</b>					
Other segment information					
Depreciation of property, plant and equipment, including leasehold land	3,528	1,878	20	245	5,671
Depreciation of right-of-use assets	5,144	3,049	1,909	471	10,573
Amortisation of intangible assets	1,862	4,893	1,570	–	8,325
Addition to non-current assets*	1,374	255	2,043	726	4,398
<b>2024</b>					
Other segment information					
Depreciation of property, plant and equipment, including leasehold land	3,476	–	24	206	3,706
Depreciation of right-of-use assets	6,456	–	1,985	494	8,935
Amortisation of intangible assets	1,050	–	1,570	–	2,620
Addition to non-current assets*	2,444	–	1,621	422	4,487

\* Addition to non-current assets consists of additions to property, plant and equipment, right-of-use assets and intangible assets, excluding assets from the acquisition of subsidiaries.

## 5 OPERATING SEGMENT INFORMATION (continued)

### (c) Geographical information

#### (i) Revenue from external customers

	2025 HK\$'000	2024 HK\$'000
Hong Kong	680,292	709,432
Mainland China	243,372	–
Macau	87,951	89,321
Singapore	69,591	65,575
Malaysia	15,039	9,561
Others	392	2,148
Total revenue from contracts with customers	<b>1,096,637</b>	876,037
Timing of revenue recognition at a point in time	<b>1,096,637</b>	876,037

The revenue above is based on the location of the customers.

#### (ii) Non-current assets (other than investments accounted for using the equity method and deferred income tax assets)

	2025 HK\$'000	2024 HK\$'000
Hong Kong	89,762	97,221
Mainland China	183,708	–
Macau	38,239	40,196
Singapore	9,339	9,110
Others	1	334
Total	<b>321,049</b>	146,861

## 5 OPERATING SEGMENT INFORMATION (continued)

### (d) Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the year is set out below:

	2025 HK\$'000	2024 HK\$'000
<b>Distribution</b>		
Customer A	457,610	471,849
Customer B	N/A*	89,791

\* The customer did not contribute over 10% of the total revenue of the Group during the year ended 31 December 2025.

## 6 REVENUE, OTHER INCOME AND OTHER GAINS, NET

### Material accounting policy

#### (a) Sales of goods

Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customer has accepted the products and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. A contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. The Group recognised its contract liabilities under other payables and accruals as receipt in advance from customers in the consolidated statement of financial position.

## 6 REVENUE, OTHER INCOME AND OTHER GAINS, NET (continued)

### Material accounting policy (continued)

#### (a) Sales of goods (continued)

Product is often sold with discounts and retrospective sales rebates based on aggregate sales over a period of time. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts and rebates. Accumulated experience is used to estimate and provide for the sales discounts and rebates, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognised for expected sales discounts and rebates payable to customers in relation to sales made until the end of the reporting period and presented within “other payables and accruals” in the consolidated statement of financial position.

It is the Group’s policy to sell its products to customer with a right of return. Therefore, a refund liability and a right to the returned goods are recognised for the products expected to be returned and presented within “other payables and accruals” and “prepayments, deposits and other receivables”, respectively in the consolidated statement of financial position. Accumulated experience is used to estimate such returns at the time of sale. Given the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

#### (b) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

#### (c) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions, Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

## 6 REVENUE, OTHER INCOME AND OTHER GAINS, NET (continued)

Revenue, other income and other gains, net recognised during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
<b>Revenue</b>		
Sales of goods	1,096,637	876,037
<b>Timing of revenue recognition</b>		
At a point in time	1,096,637	876,037
<b>Other income</b>		
Government grants ( <i>Note a</i> )	29	168
Finance income	70	26
Dividend income	–	1,575
Others	1,872	2,720
	1,971	4,489
<b>Other gains, net</b>		
Fair value gain on financial assets at fair value through profit or loss	–	837
Loss on disposal of property, plant and equipment	(14)	–
Gain on remeasurement of previously held interests in an associated company	4,435	–
Exchange loss	(2,885)	(529)
	1,536	308

*Note:*

- (a) The amounts recognised were primarily related to the government subsidies granted under the Progressive Wage Credit Scheme (“WCS”) of the Government of Singapore for the year ended 31 December 2025 (2024: SME Export Marketing Fund). There were no unfulfilled conditions and other contingencies attaching to these grants.

## 7 FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on bank borrowings	15,181	16,465
Interest on lease liabilities	667	440
Interest on loans from shareholders	5,467	3,576
Others	721	757
	<b>22,036</b>	<b>21,238</b>

## 8 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, general and administrative expenses are analysed as follows:

	2025 HK\$'000	2024 HK\$'000
Cost of inventories sold (including write down of inventories of HK\$3,567,000 (2024: HK\$5,989,000))	825,730	642,511
Depreciation of property, plant and equipment, including leasehold land ( <i>Note 13</i> )	5,671	3,706
Depreciation of right-of-use assets ( <i>Note 14</i> )	10,573	8,935
Amortisation of intangible assets ( <i>Note 15</i> )	8,325	2,620
Remuneration to the Company's auditor		
– Audit services	1,800	2,500
– Non-audit services	96	950
Employee benefit expenses ( <i>Note 9</i> )	75,535	88,992
Expenses under short-term leases ( <i>Note 14</i> )	783	2,167
Advertising fee	27,569	43,530

## 9 EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	2025 HK\$'000	2024 HK\$'000
Wages, salaries and bonus	63,834	65,570
Pension costs	5,251	2,848
Share-based payment expenses	6,450	20,574
	<b>75,535</b>	<b>88,992</b>

## 9 EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (continued)

### FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year include one (2024: same) director whose emoluments are reflected in the analysis shown in Note 33. For the purpose of the disclosure below, share-based payment expenses is calculated based on the difference between the market price of the shares on the day of vesting and the price paid, if any, for the shares. The emoluments payable to the remaining four (2024: same) individuals during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
Basic salaries, housing allowances, share options, other allowances and benefits in kind	15,177	10,448
Contribution to pension scheme	64	72
Discretionary bonuses	-	1,512
	<b>15,241</b>	<b>12,032</b>

The emoluments fell within the following bands:

	2025 HK\$'000	2024 HK\$'000
Emoluments bands (in HK dollar)		
HK\$1,500,001 to HK\$2,000,000	-	1
HK\$2,500,001 to HK\$3,000,000	-	1
HK\$3,000,001 to HK\$3,500,000	2	1
HK\$3,500,001 to HK\$4,000,000	-	1
HK\$4,000,001 to HK\$4,500,000	2	-

## 10 INCOME TAX EXPENSE/(CREDIT)

Hong Kong profits tax and People's Republic of China ("PRC") enterprise income tax have been provided at the rate of 16.5% (2024: 16.5%) and 25% (2024: 25%) on the estimated assessable profits for the year ended 31 December 2025, respectively. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2025 HK\$'000	2024 HK\$'000
Current income tax		
– Hong Kong	3,690	992
– Others	1,907	1,836
Over-provision in prior years	–	(2,221)
Total current income tax	5,597	607
Deferred income tax	(3,609)	(1,173)
Total tax expenses/(credit) for the year	1,988	(566)

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2025 HK\$'000	2024 HK\$'000
Profit before tax	17,472	5,461
Tax at the statutory tax rate at 16.5%	2,883	901
Effect of tax rate differences in other jurisdictions	997	2,568
Income not subject to tax	(2,577)	(883)
Expenses not deductible for tax	77	551
Tax loss not recognised	2,675	528
Over-provision in prior years	–	(2,221)
Recognition of previously unrecognised tax losses	(2,187)	(287)
Utilisation of previously unrecognised tax losses	(448)	(1,840)
Others	568	117
Tax expense/(credit)	1,988	(566)

## 11 EARNINGS PER SHARE

### Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2025	2024
Profit attributable to equity holders of the Company <i>(HK\$'000)</i>	15,670	3,240
Weighted average number of ordinary shares in issue <i>(in thousands)</i>	835,913	776,174
Basic earnings per share <i>(HK cents)</i>	1.9	0.4

### Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company has one (2024: one) category of potentially dilutive ordinary shares: share awards (2024: same). For the share awards, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares for the year) based on the monetary value of the outstanding share awards. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share awards.

For the years ended 31 December 2025 and 2024, the calculation of diluted earnings per share was based on the profit attributable to equity holders of the Company and the adjusted weighted average number of ordinary shares outstanding assuming the conversion of all potentially dilutive ordinary shares, which was calculated as follows:

	Year ended 31 December	
	2025	2024
Profit attributable to equity holders of the Company <i>(HK\$'000)</i>	15,670	3,240
Weighted average number of ordinary shares in issue <i>(in thousands)</i>	835,913	776,174
Adjustment for share awards <i>(in thousands)</i>	5,067	6,411
Weighted average number of ordinary shares in issues for diluted earnings per share <i>(in thousands)</i>	840,980	782,585
Diluted earnings per share <i>(HK cents)</i>	1.9	0.4

## 12 DIVIDEND

No dividends have been declared during the years ended 31 December 2025 and 2024, nor has any dividend been declared since the end of the reporting period.

## 13 PROPERTY, PLANT AND EQUIPMENT

### Material accounting policy

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs or revalued amounts to their residual values over their estimated useful lives, as follows:

Leasehold land and buildings	Over the lease term or useful live of 25 years, whichever is shorter
Leasehold improvements	Over the lease term or useful live of 5 years, whichever is shorter
Office equipment	5 years
Furniture and fixtures	5 years
Motor vehicles	3 years

See Note 36.7 for the other accounting policies relevant to property, plant and equipment.

## 13 PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Office equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>At 1 January 2024</b>						
Cost	66,379	2,651	1,887	884	1,705	73,506
Accumulated depreciation	(13,550)	(2,425)	(1,176)	(802)	(1,067)	(19,020)
Net book amount	52,829	226	711	82	638	54,486
<b>Year ended 31 December 2024</b>						
Opening net book amount	52,829	226	711	82	638	54,486
Additions	–	1,266	421	86	540	2,313
Depreciation ( <i>Note 8</i> )	(2,619)	(537)	(268)	(68)	(214)	(3,706)
Exchange realignment	(18)	(14)	–	1	(4)	(35)
Closing net book amount	50,192	941	864	101	960	53,058
<b>At 31 December 2024</b>						
Cost	66,356	3,870	2,200	417	2,237	75,080
Accumulated depreciation	(16,164)	(2,929)	(1,336)	(316)	(1,277)	(22,022)
Net book amount	50,192	941	864	101	960	53,058
<b>Year ended 31 December 2025</b>						
Opening net book amount	50,192	941	864	101	960	53,058
Additions	–	255	209	21	–	485
Disposal	–	(14)	–	–	–	(14)
Acquisition of a subsidiary ( <i>Note 31</i> )	–	1,590	476	134	–	2,200
Depreciation ( <i>Note 8</i> )	(2,619)	(2,197)	(491)	(120)	(244)	(5,671)
Exchange realignment	–	76	119	2	33	230
Closing net book amount	47,573	651	1,177	138	749	50,288
<b>At 31 December 2025</b>						
Cost	66,356	5,753	3,097	603	2,280	78,089
Accumulated depreciation	(18,783)	(5,102)	(1,920)	(465)	(1,531)	(27,801)
Net book amount	47,573	651	1,177	138	749	50,288

### 13 PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation expense of HK\$5,034,000 (2024: HK\$3,069,000) and HK\$637,000 (2024: HK\$637,000) has been charged to general and administrative expense and selling and distribution expense, respectively.

At 31 December 2025, certain of the Group's property, plant and equipment with a net carrying value of approximately HK\$10,902,000 (2024: HK\$31,862,000), were pledged to secure bank loans granted to the Group (Note 25).

### 14 LEASES

#### Material accounting policy

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets excluding leasehold land and the movements during the year are as follows:

	HK\$'000
As at 1 January 2024	17,181
Additions	2,174
Depreciation ( <i>Note 8</i> )	(8,935)
Exchange realignment	45
As at 31 December 2024 and 1 January 2025	10,465
Additions	3,913
Acquisition of a subsidiary ( <i>Note 31</i> )	11,091
Depreciation ( <i>Note 8</i> )	(10,573)
Early termination of a lease	(369)
Exchange realignment	517
As at 31 December 2025	15,044

## 14 LEASES (continued)

### Material accounting policy (continued)

#### (a) Right-of-use assets (continued)

Depreciation of HK\$5,277,000 (2024: HK\$2,339,000) and HK\$5,296,000 (2024: HK\$6,596,000) have been charged to general and administrative and selling and distribution expenses, respectively.

The total cash outflow for leases during the year ended 31 December 2025 was HK\$11,849,000 (2024: HK\$11,276,000), including the payment of principal elements (Note 30(b)), interest elements of lease liabilities (Note 7) and expenses under short-term leases (Note 8) amounted to HK\$10,399,000 (2024: HK\$8,669,000), HK\$667,000 (2024: HK\$440,000) and HK\$783,000 (2024: HK\$2,167,000), respectively.

In addition to the right-of use assets disclosed above, the carrying amount of the Group's right-of-use assets included leasehold land and buildings as disclosed in note 13 and the movements during the year are as follows:

	<b>Leasehold land HK\$'000</b>
Carrying amount at 1 January 2024	41,788
Depreciation	(2,117)
Carrying amount at 31 December 2024 and 1 January 2025	<b>39,671</b>
Depreciation	<b>(2,117)</b>
Carrying amount at 31 December 2025	<b>37,554</b>

No cash outflows with respect to leasehold land for the year ended 31 December 2025 (2024: same).

## 14 LEASES (continued)

### Material accounting policy (continued)

#### (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
As at 1 January	10,683	17,132
Additions	3,913	2,174
Acquisition of a subsidiary ( <i>Note 31</i> )	11,494	–
Accretion of interest recognised during the year	667	440
Early termination of a lease	(377)	–
Payments	(11,066)	(9,109)
Exchange realignment	474	46
As at 31 December	<b>15,788</b>	<b>10,683</b>

The lease liabilities based on their maturities are as follows:

	2025 HK\$'000	2024 HK\$'000
Analysed into:		
Within one year	9,029	6,207
In the second year	3,722	4,476
In the third to fifth years, inclusive	3,037	–
	<b>15,788</b>	<b>10,683</b>

## 14 LEASES (continued)

### Material accounting policy (continued)

(c) *The amounts recognised in profit or loss in relation to leases are as follows:*

	2025 HK\$'000	2024 HK\$'000
Depreciation charge of right-of-use assets-buildings ( <i>Note 14(a)</i> )	10,573	8,935
Interest on lease liabilities ( <i>Note 7</i> )	667	440
Expenses under short-term leases ( <i>Note 8</i> )	783	2,167
	<b>12,023</b>	<b>11,542</b>

## 15 INTANGIBLE ASSETS

### Material accounting policy

Amortisation on intangible assets with finite lives are calculated using the straight-line method to allocate their costs over their estimated useful lives from 2 to 10 years.

See Note 36.8 for the Group's policy regarding impairments.

#### (a) *Goodwill*

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes and not larger than an operating segment.

## 15 INTANGIBLE ASSETS (continued)

### Material accounting policy (continued)

#### (b) Exclusive distribution rights, customer relationships, supplier relationships and brand name

Exclusive distribution rights, customer relationships, supplier relationships and brand name acquired in a business combination are recognised at fair values at the acquisition date. Other intangible assets acquired separately are measured on initial recognition at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

	Goodwill	Exclusive distribution rights	Customer relationships and supplier relationships	Brand name	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(Note a)</i>	<i>(Note b)</i>	<i>(Note b)</i>	<i>(Note b)</i>	
At 1 January 2024	65,036	2,716	11,151	7,345	86,248
Amortisation during the year <i>(Note 8)</i>	-	(561)	(1,279)	(780)	(2,620)
Exchange realignment	(452)	-	(315)	-	(767)
At 31 December 2024 and 1 January 2025	64,584	2,155	9,557	6,565	82,861
Acquisition of a subsidiary <i>(Note 31)</i>	138,546	-	41,100	-	179,646
Amortisation during the year <i>(Note 8)</i>	-	(1,372)	(6,173)	(780)	(8,325)
Exchange realignment	664	-	457	-	1,121
At 31 December 2025	203,794	783	44,941	5,785	255,303

## 15 INTANGIBLE ASSETS (continued)

### Impairment testing of goodwill

Notes:

- (a) Goodwill allocated to individual CGU

The relevant goodwill is allocated to the respective groups of CGUs, which represent the lowest level within the Group at which the relevant goodwill is monitored for internal management purposes.

As at 31 December 2025, the Group's goodwill of HK\$138,546,000, HK\$26,139,000 and HK\$34,258,000 are attributable to the acquisition of Combo Win Asia Limited ("**CWA**") together with its subsidiaries (collectively, the "**CWA Group**"), Jefferine Macau Limited ("**Jefferine**") and HNH, respectively (2024: the Group's goodwill of HK\$26,139,000 and HK\$34,258,000 are attributable to the acquisition of Jefferine and HNH, respectively).

The recoverable amounts of CGUs are determined based on value in use calculations. The calculations are performed by an external valuer by using pre-tax cash flow projection based on financial budgets approved by management covering a five-year period. Thereafter, the cash flows are extrapolated using the terminal growth rates not exceeding the long-term average growth rate of the country in which the CGU operates.

#### Impairment test for goodwill arising from acquisition of CWA Group

The key assumptions are as follows:

	2025	2024
Sales growth rate	12.8%	–
Gross profit margin	19.0%	–
Discount rate	10.9%	–
Terminal growth rate	2.0%	–

In the opinion of the Company's directors, any reasonably possible change in any of these assumptions would not cause the CGU's recoverable amount to fall below its carrying amount.

#### Impairment test for goodwill arising from acquisition of Jefferine

The key assumptions are as follows:

	2025	2024
Sales growth rate	3.2%	3.6%
Gross profit margin	25.7%	23.7%
Discount rate	17.0%	19.3%
Terminal growth rate	1.0%	1.5%

In the opinion of the Company's directors, any reasonably possible change in any of these assumptions would not cause the CGU's recoverable amount to fall below its carrying amount.

## 15 INTANGIBLE ASSETS (continued)

### Impairment testing of goodwill (continued)

Notes: (continued)

- (a) Goodwill allocated to individual CGU (continued)

#### Impairment test for goodwill arising from acquisition of HNH

The key assumptions are as follows:

	2025	2024
Sales growth rate	8.2%	5.4%
Gross profit margin	9.8%	10.0%
Discount rate	13.9%	17.3%
Terminal growth rate	2.0%	2.0%

In the opinion of the Company's directors, any reasonably possible change in any of these assumptions would not cause the CGU's recoverable amount to fall below its carrying amount.

- (b) Amortisation of intangible assets has been charged to:

	2025	2024
Cost of sales	871	871
Selling and distribution expenses	7,454	1,749
	8,325	2,620

## 16 SUBSIDIARIES

Particulars of the Company's principal subsidiaries are as follows:

### As at 31 December 2025

Name of company	Place of incorporation and kind of legal entity	Issued ordinary share capital/registered capital	Percentage of equity attributable to the Group	Principal activities and place of operation
Tycoon Asia Pacific Group Limited	Hong Kong, limited liability company	HK\$10,000 ordinary	100%	Distribution business in Hong Kong and e-commerce business in Mainland China
Tycoon Global Limited	Hong Kong, limited liability company	HK\$10,000 ordinary	100%	Distribution business in Hong Kong
Fu Qing Chinese Medical Trading Pte. Ltd. ("Fu Qing")	Singapore, limited liability company	Singapore dollars 1,680,000 ordinary	100%	Distribution business in Singapore
Tycoon Asia Pacific Group (Macau) Company Limited	Macau, limited liability company	Macau Pataca ("MOP") 25,000 ordinary	100%	Distribution business in Macau
Jefferine	Macau, limited liability company	MOP25,000 ordinary	100%	Distribution business in Macau
HNH (Note a)	Hong Kong, limited liability company	HK\$1,000,000 ordinary	70%	Retail and distribution of pharmaceutical products and proprietary medicine

## 16 SUBSIDIARIES (continued)

As at 31 December 2024

Name of company	Place of incorporation and kind of legal entity	Issued ordinary share capital/registered capital	Percentage of equity attributable to the Group	Principal activities and place of operation
Tycoon Global Limited	Hong Kong, limited liability company	HK\$10,000 ordinary	100%	Distribution business in Hong Kong
Fu Qing	Singapore, limited liability company	Singapore dollars 1,680,000 ordinary	100%	Distribution business in Singapore
Tycoon Asia Pacific Group (Macau) Company Limited	Macau, limited liability company	MOP25,000 ordinary	100%	Distribution business in Macau
Jefferine	Macau, limited liability company	MOP25,000 ordinary	100%	Distribution business in Macau
HNH (Note a)	Hong Kong, limited liability company	HK\$1,000,000 ordinary	70%	Retail and distribution of pharmaceutical products and proprietary medicine

### (a) Partly-owned subsidiaries with material non-controlling interests

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2025	2024
Percentage of equity interest held by non-controlling interests: HNH	30%	30%
Profit for the year allocated to non-controlling interests (HK\$'000): HNH	249	3,039
Accumulated balances of non-controlling interests at the reporting date (HK\$'000): HNH	12,364	12,115

## 16 SUBSIDIARIES (continued)

### (a) Partly-owned subsidiaries with material non-controlling interests (continued)

The following tables illustrate the summarised financial information of HNH on a standalone basis for the year ended 31 December 2025. The amounts disclosed are before any inter-company eliminations:

	2025 HK\$'000	2024 HK\$'000
Revenue	156,055	177,745
Profit	831	11,437
Total comprehensive income	831	11,437
Current assets	136,573	110,080
Non-current assets	2,208	2,381
Current liabilities	(108,057)	(81,957)
Non-current liabilities	(74)	(686)
Net cash flows generated from/(used in) operating activities	5,056	(2,532)
Net cash flows used in investing activities	(9)	–
Net cash flows used in financing activities	(1,966)	(2,095)
Net increase/(decrease) in cash and bank balances	3,081	(4,603)

## 17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As at 31 December 2024, the Group's investments accounted for using the equity method represent the investments in CWA. They have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

On 28 February 2025, the Group acquired the remaining 51% equity interest of CWA. Upon the completion of the acquisition, CWA become wholly-owned subsidiary of the Company (Note 31). As at 31 December 2025, the Group held on investments accounted for using the equity method.

### As at 31 December 2024

Name of company	Place of incorporation and operation	Percentage of ownership interest attributable to the Group	Nature of relationship	Principal activities	Measurement method
CWA (Note a)	Hong Kong	49%	Associated company	E-commerce business	Equity method

Note a:

The following table illustrates the summarised financial information in respect of CWA:

	2024 HK\$'000
Revenue for the year	401,007
Profit for the year (Note)	2,241
Current assets	248,820
Non-current assets	28,367
Current liabilities	(256,411)
Non-current liabilities	(8,913)
Net assets	11,863
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	49%
Group's share of net assets of the associate	5,813
Intangible assets including goodwill, net of deferred tax liabilities	75,244
Carrying amount of the investment in CWA	81,057

## 17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

*Note:* The share of loss of investment accounted for using the equity method of HK\$3,297,000 primarily consists of 49% of the CWA's profit for the year of HK\$2,241,000 less CWA's amortisation expense of intangible assets, net of deferred tax liabilities, of HK\$8,969,000, being the net loss shared by the Group for the year ended 31 December 2024.

As at 31 December 2024, there were no contingent liabilities and commitments to provide funding relating to the Group's interests in CWA. CWA is a private company and there is no quoted market price available for its shares.

The Group's balances with CWA are disclosed in Note 32(b) to the consolidated financial statements.

## 18 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Prepayments	205,172	138,988
Deposits	7,900	3,806
Receivable from disposal of subsidiaries ( <i>Note (b)</i> )	–	60,000
Other receivables	82,159	51,002
	<b>295,231</b>	253,796
Less: Provision for impairment	(520)	(807)
	<b>294,711</b>	252,989
Less: Prepayments and deposits classified as non-current assets	(414)	(477)
	<b>294,297</b>	252,512

*Notes:*

- (a) Prepayments, deposits and other receivables mainly represent rental deposits and prepayment to suppliers. As at 31 December 2025, included in deposits was HK\$579,000 (2024: HK\$579,000) for rental deposits placed with Mr. Wong Ka Chun, Michael, the controlling shareholder of the Company (the "**Controlling Shareholder**") in relation to leasing properties from the Controlling Shareholder for warehouse and carpark uses (Note 32(a)).
- (b) The amount represents the remaining consideration receivable from the disposal of CWA on 30 September 2023.

## 19 INVENTORIES

### Material accounting policy

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis. Net realisable value is the estimated selling price less any estimated costs to be incurred to completion and disposal.

	2025 HK\$'000	2024 HK\$'000
Finished goods	173,885	167,027

During the year ended 31 December 2025, the Group has written down inventories of HK\$3,567,000 (2024: HK\$5,989,000) in the consolidated statement of profit or loss and other comprehensive income, which includes net reversal of provision for inventories of HK\$1,142,000 (2024: provision for inventories of HK\$3,169,000).

## 20 AMOUNTS DUE FROM RELATED PARTIES

	2025 HK\$'000	2024 HK\$'000
Amounts due from related parties ( <i>Note 32(b)</i> )	–	49,510
Less: Provision for impairment	–	(486)
	–	49,024

## 21 TRADE RECEIVABLES

### Material accounting policy

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

The Group's trading terms with its customers are mainly on credit. The credit period ranges from 30 to 120 days. Each customer has a maximum credit limit and the credit limit is reviewed regularly. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are reviewed regularly by senior management.

## 21 TRADE RECEIVABLES (continued)

### Material accounting policy (continued)

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against “net impairment losses on financial assets” in the consolidated statement of profit or loss and other comprehensive income.

Details about the Group’s impairment policies and the calculation of the loss allowance are provided in Note 3.1(b).

	2025 HK\$'000	2024 HK\$'000
Trade receivables	298,427	272,117
Less: Provision for impairment	(1,482)	(1,482)
	<b>296,945</b>	<b>270,635</b>

Included in the Group’s trade receivables were amounts due from related parties of the Group of HK\$495,000 (2024: HK\$18,495,000) as at 31 December 2025 (Note 32(b)).

An ageing analysis of the gross trade receivables based on the invoice date is as follows:

	2025 HK\$'000	2024 HK\$'000
Trade receivables:		
Within 90 days	196,457	192,253
91 to 180 days	39,968	26,182
Over 180 days	62,002	53,682
	<b>298,427</b>	<b>272,117</b>

## 22 CASH AND CASH EQUIVALENTS

	2025 HK\$'000	2024 HK\$'000
Cash and cash equivalents	70,337	34,020

The Group's cash and cash equivalents with banks in the PRC as at 31 December 2025 amounted to approximately HK\$1,040,000 (2024: Nil), where the remittance of funds is subject to foreign exchange control.

## 23 TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the reporting period, based on the invoice date, is as follows:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	41,199	29,110
31 to 60 days	36,491	24,791
61 to 120 days	48,223	25,741
Over 120 days	20,965	52,679
	146,878	132,321

Trade payables are non-interest-bearing and are normally settled on terms ranging from 30 to 120 days.

Included in the Group's trade payables were amounts due to related parties of the Group of HK\$107,215,000 (2024: HK\$10,876,000) as at 31 December 2025 (Note 32(b)).

## 24 OTHER PAYABLES AND ACCRUALS

	2025 HK\$'000	2024 HK\$'000
Accruals	7,680	13,653
Refund liabilities	1,621	8,372
Redemption liability (Note 31)	–	2,736
Other payables	29,184	25,247
	<b>38,485</b>	<b>50,008</b>

## 25 BANK BORROWINGS

	As at 31 December 2025		As at 31 December 2024	
	Contractual interest rate (%)	HK\$'000	Contractual interest rate (%)	HK\$'000
Current				
Bank loans – secured	Prime - 2.75 to HIBOR + 3.00	89,111	Prime - 2.75 to HIBOR + 2.40	68,930
Bank loans – unsecured	HIBOR + 2.40	39,000	HIBOR + 2.40	39,000
Invoice financing loans – secured	HIBOR + 1.90 to HIBOR + 2.30	182,273	HIBOR + 1.90 to HIBOR + 2.48	162,366
Total		<b>310,384</b>		<b>270,296</b>
Analysis into:				
Bank loans repayable:				
On demand		<b>310,384</b>		<b>270,296</b>

At 31 December 2025 and 2024, the Group's bank borrowings were secured by:

- a. Mortgages over the properties owned by the Group situated in Hong Kong and Macau (Note 13); and
- b. Corporate guarantees provided by the Company of HK\$220,786,000 (2024: HK\$170,971,000).

Except for the Group's bank borrowings of HK\$7,400,000 (2024: HK\$7,930,000) as at 31 December 2025, that were denominated in MOP, the Group's bank borrowings are all denominated in HK\$.

## 26 LOANS FROM SHAREHOLDERS

	2025 HK\$'000	2024 HK\$'000
Jacobson Group Treasury Limited (“ <b>Jacobson Group Treasury</b> ”) (Note a)	85,000	50,000
Mr. Wong Ka Chun Michael (Note b)	16,882	–
	<b>101,882</b>	<b>50,000</b>
	2025 HK\$	2024 HK\$
Current	89,000	50,000
Non-current	12,882	–
	<b>101,882</b>	<b>50,000</b>

*Notes:*

- (a) The balance is a revolving loan from a wholly-owned subsidiary of Jacobson Pharma Corporation Limited, a shareholder of the Company. As at 31 December 2025 and 2024, the balance was secured by all shares in HNH held by the Group, with interest bearing at HIBOR + 2.5% per annum (2024: same) and was repayable on 31 March 2028.
- (b) The balance comprises two unsecured loans granted from Mr. Wong Ka Chun Michael, a shareholder of the Company. i) Loan with carrying amount of approximately HK\$16,667,000, bearing fixed interest rate at 6.5% per annum and is repayable in monthly installment commencing from March 2025 to February 2030. ii) Loan with carry amount of approximately HK\$215,000 carry fixed interest rate at 6.5% per annum and is repayable on 31 May 2030.

## 27 DEFERRED TAX

### Deferred tax liabilities

The deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	<b>Revaluation of intangible assets HK\$'000</b>
At 1 January 2024	3,396
Credited to profit or loss during the year	(409)
At 31 December 2024 and 1 January 2025	<b>2,987</b>
Acquisition of a subsidiary ( <i>Note 31</i> )	<b>6,782</b>
Credited to profit or loss during the year	<b>(1,314)</b>
As at 31 December 2025	<b>8,455</b>

### Deferred tax assets

The deferred tax assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

	<b>Tax losses HK\$'000</b>
At 1 January 2024	3,663
Credited to profit or loss during the year	764
As at 31 December 2024 and 1 January 2025	<b>4,427</b>
Acquisition of a subsidiary ( <i>Note 31</i> )	<b>7,028</b>
Credited to profit or loss during the year	<b>2,295</b>
As at 31 December 2025	<b>13,750</b>

## 27 DEFERRED TAX (continued)

### Deferred tax assets (continued)

Deferred tax assets are mainly recognised for the tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable.

The Group had unrecognised tax losses of approximately HK\$19,139,000 (2024: HK\$9,334,000) as at 31 December 2025 to offset against future taxable profits. Tax losses amounting to HK\$8,993,000 (2024: HK\$6,384,000) have no expiry dates. The remaining tax losses will expire from 2026 to 2030 (2024: 2026 to 2029).

## 28 ISSUED CAPITAL

### Shares

	2025 HK\$'000	2024 HK\$'000
Issued and fully paid:		
894,000,000 (2024: 800,000,000) ordinary shares of HK\$0.01 each	8,940	8,000

The movements in share capital were as follows:

	Number of ordinary shares of HK\$0.01 each	Nominal value of ordinary shares HK\$'000
Authorised:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	10,000,000,000	100,000
Issued and fully paid:		
At 1 January 2024, 31 December 2024 and 1 January 2025	800,000,000	8,000
Issuance of shares	94,000,000	940
At 31 December 2025	894,000,000	8,940

## 28 ISSUED CAPITAL (continued)

On 29 April 2025, the Company entered into a subscription arrangement with Jacobson Group Treasury Limited, an indirect wholly-owned subsidiary of Jacobson Pharma Corporation Limited (“**Jacobson Group**”), pursuant to which the Company has conditionally agreed to allot and issue, and Jacobson Group Treasury has conditionally agreed to subscribe for, a total of 94,000,000 shares of par value of HK\$0.01 each. Such 94,000,000 shares were allotted and issued at a price of HK\$0.5 per share for a total cash consideration of approximately HK\$47,000,000 excluding share issue expenses on 22 May 2025.

## 29 SHARE-BASED COMPENSATION

### (a) Share option scheme

The Company has adopted a share option scheme (the “**Share Option Scheme**”) pursuant to the shareholders’ written resolution passed on 23 March 2020. The purposes of the Share Option Scheme are to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

Eligible persons include (a) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity (“**Invested Entity**”) in which the Group holds an equity interest; (b) any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of any member of the Group or any Invested Entity; (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (f) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and (g) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group, and, for the purposes of the Share Option Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants.

## 29 SHARE-BASED COMPENSATION (continued)

### (a) Share option scheme (continued)

The maximum number of shares to be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time. The initial total number of shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of the Group) to be granted under the Share Option Scheme and any other share option schemes of the Group must not in aggregate exceed 10% of the shares in issue on the listing date. The total number of shares issued and which may fall to be issued upon exercise of the options to be granted under the Share Option Scheme and any other share option schemes of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (“**Individual Limit**”). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the shareholders and the shareholders’ approval in general meeting of the Company with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of the options to be granted to such participant must be fixed before shareholders’ approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under the Listing Rules.

An offer of the grant of the option may be accepted by a participant within 21 days from the date of the offer of grant of the option. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the directors to each grantee. The period may commence on the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

The subscription price for shares under the Share Option Scheme will be a price determined by the directors, but shall not be less than the higher of (i) the closing price of shares as stated in the Stock Exchange’s daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of shares as stated in the Stock Exchange’s daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares. A nominal consideration of HK\$1.0 is payable on acceptance of the grant of an option.

No share options were granted, exercised or cancelled under the Share Option Scheme during the current and prior year.

No Share option was outstanding under the Share Option Scheme as at 31 December 2025 and 2024.

## 29 SHARE-BASED COMPENSATION (continued)

### (b) Share award scheme

On 25 May 2020, the board of directors of the Company adopted a share award scheme as means to recognise the contributions by certain eligible persons and giving incentives thereto in order to retain them for the continuing operation and development of the Group and attract suitable personnel for further development of the Group (the “**Share Award Scheme**”).

Subject to any early termination as may be determined by the Board in accordance with the rules of the Share Award Scheme, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on 25 May 2020 (the “**Adoption Date**”), provided that no further settlement of the reference amount (“**Reference Amount**”) shall be made by the Company on or after the 10th anniversary of the Adoption Date. Subject to compliance with all applicable laws, codes or regulations including without limitation those imposed by the Listing Rules from time to time, the Board shall cause the Company to instruct the trustee (the “**Trustee**”) to purchase the awarded shares. In each case, the purchase shall be made on the open market with the Reference Amount from the funds of the Group. The shares purchased shall be held by the Trustee until they are vested in the selected grantees. The Trustee shall not exercise any voting rights in respect of any shares held under the trust.

The aggregate number of shares to be awarded pursuant to the Share Award Scheme shall not exceed 5% of the total issued share capital of the Company as at the Adoption Date (i.e. 40,000,000 shares). The maximum number of shares which may be awarded to a selected grantee at any one time shall not exceed 0.50% of the total number of issued shares as at the Adoption Date. If and whenever there shall be an alteration to the nominal value of the shares as a result of consolidation or subdivision (“**Capital Reorganisation**”) and the effective date of such Capital Reorganisation falls on a day when the Share Award Scheme remains in effect, the maximum number of the shares referred to above shall be adjusted proportionally. Such adjustment shall automatically become effective on the date on which the Capital Reorganisation takes effect.

Awarded shares held by the Trustee upon the trust and which are referable to a selected grantee shall vest to that selected grantee in accordance with a vesting schedule determined at the discretion of the Board, provided that the selected grantee remains at all times after the grant of the award and on each relevant vesting date an eligible person and the transfer documents and any other relevant documents as prescribed by the Trustee to effect the transfer have been duly executed by the selected grantee.

## 29 SHARE-BASED COMPENSATION (continued)

### (b) Share award scheme (continued)

During the year, the trustee, for the benefit of eligible participants of the Share Award Scheme, purchased 3,600,000 (2024: 11,010,000) ordinary shares of the Company at an average price of HK\$3.23 (2024: HK\$4.32) per share at an aggregate consideration of HK\$11,615,000 (2024: HK\$47,600,000) through the Trustee for the Share Award Scheme. As at 31 December 2025, there were 36,760,000 (2024: 33,160,000) ordinary shares of the Company purchased for the benefit of the eligible participants of the Share Award Scheme.

During the year ended 31 December 2025, no awarded shares have been granted for the selected grantees under the Share Award Scheme (2024: 10,000,000). During the year ended 31 December 2024, these shares had a grant date fair value of HK\$3.84, which was the closing price of the Company's shares trading on the Hong Kong Stock Exchange on the grant date. These awarded shares shall vest within half year to two years from the grant date. During the year ended 31 December 2025, 4,052,000 (2024: 160,000) awarded shares have been forfeited for the year.

Movements in the number of awarded shares outstanding are as follows:

	2025 Share awards (thousands)	2024 Share awards (thousands)
At 1 January	13,770	5,610
Granted	–	10,000
Vested	(7,606)	(1,680)
Forfeited	(4,052)	(160)
At 31 December	2,112	13,770

The awarded shares will be vested to the selected grantees during the vesting periods up to five years. As at 31 December 2025, the weighted average fair value of share awards granted was HK\$2.81 (2024: HK\$3.22).

During the year ended 31 December 2025, share-based payment expense of HK\$6,450,000 (2024: HK\$20,574,000) (Note 9) was recognised in the consolidated statement of profit or loss and other comprehensive income and was credited in equity.

## 30 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

## (a) Reconciliation of profit before income tax to cash used in operations

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000
<b>Cash flow from operating activities</b>			
Profit before income tax		17,472	5,461
Adjustments for:			
Finance costs	7	22,036	21,238
Share of results of investments accounted for using the equity method		4,017	3,297
Finance income	6	(70)	(26)
Depreciation of property, plant and equipment, including leasehold land	8	5,671	3,706
Depreciation of right-of-use assets	8	10,573	8,935
Gain on early termination of a lease		(8)	–
Amortisation of intangible assets	8	8,325	2,620
Share-based payment expenses	9	6,450	20,574
Loss on disposal of property, plant and equipment	6	14	–
Gain on remeasurement of previously held interests in an associated company	6	(4,435)	–
Fair value gain on financial assets at fair value through profit or loss	6	–	(837)
Write down of inventories	8	3,567	5,989
(Reversal of impairment losses)/impairment losses on financial assets, net		(773)	2,255
		<b>72,839</b>	<b>73,212</b>
Changes in working capital			
Decrease/(increase) in inventories		39,621	(31,671)
Decrease/(increase) in trade receivables		36,386	(35,505)
Decrease/(increase) in prepayments, deposits and other receivables		46,240	(91,120)
Decrease in trade payables		(53,755)	(24,393)
(Decrease)/increase in other payables and accruals		(23,736)	3,519
(Increase)/decrease in amounts due from related parties		(17,593)	46,775
		<b>100,002</b>	<b>(59,183)</b>

## 30 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

## (b) Changes in liabilities arising from financing activities

	Other payables and accruals HK\$'000	Loans from shareholders HK\$'000	Bank borrowings HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2025	-	50,000	270,296	10,683	330,979
Changes from financing cash flows					
Interest paid	(21,369)	-	-	(667)	(22,036)
Proceeds from bank borrowings	-	-	903,032	-	903,032
Repayment of bank borrowings	-	-	(993,228)	-	(993,228)
Repayment of loans from shareholders	-	(208,118)	-	-	(208,118)
Proceeds from loans from shareholders	-	260,000	-	-	260,000
Principal elements of lease payments	-	-	-	(10,399)	(10,399)
Early termination of a lease	-	-	-	(377)	(377)
Other changes					
Acquisition of a subsidiary (Note 31)	-	-	130,285	11,494	141,779
Interest expenses	21,369	-	-	667	22,036
Additions to lease liabilities (Note 14)	-	-	-	3,913	3,913
Exchange realignment	-	-	(1)	474	473
At 31 December 2025	-	101,882	310,384	15,788	428,054
At 1 January 2024	150	50,000	139,028	17,132	206,310
Changes from financing cash flows					
Interest paid	(20,948)	-	-	(440)	(21,388)
Proceeds from bank borrowings	-	-	573,794	-	573,794
Repayment of bank borrowings	-	-	(442,513)	-	(442,513)
Repayment of loan from a shareholder	-	(100,000)	-	-	(100,000)
Proceeds from loan from a shareholder	-	100,000	-	-	100,000
Principal elements of lease payments	-	-	-	(8,669)	(8,669)
Other changes					
Interest expenses	20,798	-	-	440	21,238
Additions to lease liabilities (Note 14)	-	-	-	2,174	2,174
Exchange realignment	-	-	(13)	46	33
At 31 December 2024	-	50,000	270,296	10,683	330,979

### 31 BUSINESS COMBINATION

For the year ended 31 December 2025

On 7 July 2023, Dynasty Garden Limited, an indirect wholly-owned subsidiary of the Company as Vendor (the “**Vendor**”), entered into a sale and purchase agreement with purchaser (the “**SP Agreement**”), Evolution Capital Fund (the “**Purchaser**”). Pursuant to which the Purchaser has agreed to purchase, and the Vendor has agreed to sell 51% of the issued shares of CWA (the “**Sale Shares**”), a company then owned as to 49% by the Purchaser, for an aggregate consideration of HK\$130,000,000. As of 31 December 2024, HK\$70,000,000 of the consideration had been settled, with the remaining unsettled amount of HK\$60,000,000 (“**the Remaining Consideration Receivable**”) recognised as other receivables on the consolidated statement of financial position.

Pursuant to the SP Agreement, the Vendor has granted the Purchaser a put option, pursuant to which the Purchaser is entitled to, subject to completion of the disposal, sell at its discretion all (and not part) of the Sale Shares held by it, representing 51% of its issued share capital, to the Vendor and/or other party(ies) procured by the Vendor upon the occurrence of the put option triggering events, among others, the target group failing to meet any of the performance targets.

On 27 January 2025, the Vendor received a notice of exercise of the put option (the “**Put Option**”) from the Purchaser under which the Vendor was required to purchase the Sale Shares back from the Purchaser at an consideration of HK\$106,000,000 (the “**Acquisition**”), as CWA Group had failed to meet one of its performance targets in relation to target turnover and target profits in aggregate. Completion of such exercise of put option took place on 28 February 2025, whereby CWA Group became wholly owned subsidiaries of the Company and their financial results were consolidated into the Group’s financial statements.

Net acquisition-related costs of HK\$285,000 have been charged to the general and administrative expense in the consolidated statement of profit or loss and other comprehensive income.

### 31 BUSINESS COMBINATION (continued)

The fair values of the identifiable assets and liabilities of CWA assumed, the consideration paid as at the date of Acquisition were as follows:

	HK\$'000
Consideration	
Cash paid	46,000
Remaining Consideration Receivable ( <i>Note</i> )	60,000
	<hr/>
Total Consideration	106,000
Fair value of the previously held interests in CWA	81,475
	<hr/>
	187,475
	<hr/> <hr/>
Intangible assets	41,100
Property, plant and equipment	2,200
Right-of-use assets	11,091
Trade receivables	62,696
Prepayments, deposits and other receivables	147,676
Current tax receivables	275
Inventories	50,046
Cash and cash equivalents	14,034
Deferred income tax assets	7,028
Other non-current assets	7,285
Trade payables	(68,312)
Bank borrowings	(130,285)
Other payables and accruals	(12,213)
Lease liabilities	(11,494)
Amounts due to related parties	(67,103)
Deferred income tax liabilities	(6,782)
	<hr/>
Total fair value of identifiable net assets acquired	47,242
Non-controlling interest	1,687
Goodwill on acquisition	138,546
	<hr/>
	187,475
	<hr/> <hr/>
Cash consideration paid	(46,000)
Cash and cash equivalents acquired	14,034
	<hr/>
Net cash outflow on Acquisition for the year	(31,966)
	<hr/> <hr/>

### 31 BUSINESS COMBINATION (continued)

*Note:*

During the year ended 31 December 2025, the Group settled the total consideration of HK\$106,000,000 for the acquisition of a 51% equity interest in CWA Group, comprising HK\$46,000,000 in cash and an offset of the Remaining Consideration Receivable of HK\$60,000,000 from the Purchaser.

The goodwill is attributable to a number of factors, amongst others, the synergies expected to arise after the Group's acquisition of CWA. None of the goodwill recognised is expected to be deductible for income tax purposes.

The fair value of trade receivables is HK\$62,696,000. The gross contractual amount for trade receivables due is HK\$62,696,000, all of which is expected to be collectible. Deferred income tax liabilities of HK\$6,782,000 have been recognised in relation to the fair value adjustments.

The revenue included in the consolidated statement of profit or loss and other comprehensive income since 28 February 2025 contributed by CWA was HK\$87,432,000. It had net loss of HK\$1,226,000 over the same period. Had CWA been consolidated from 1 January 2025, the consolidated statement of profit or loss and other comprehensive income would show pro-forma revenue of HK\$308,760,000 and net profit of HK\$1,446,000.

For the year ended 31 December 2024

On 28 April 2023, Million Effort Investment Limited ("**Million Effort**"), an indirect wholly-owned subsidiary of the Company, entered into a share purchase agreement with an indirect wholly-owned subsidiary of Jacobson Pharma corporation Limited (the "**Seller**") to acquire an additional 12% of the issued share capital of HNH at an aggregate consideration of HK\$9,120,000 (the "**Acquisition**") of which HK\$3,648,000 remained outstanding as at 31 December 2023 and was recognised as "other payables and accruals" in the consolidated statement of financial position. Upon the completion of the Acquisition on 31 May 2023, the Group equity interest in HNH increased from 49% to 61%, HNH became a non wholly-owned subsidiary of the Group. The equity interests in HNH held by the Seller reduced to 9%. Gain on remeasurement of previously held 49% equity interests in HNH of HK\$1,414,000 is recognised in other gains, net in the consolidated statement of profit or loss and other comprehensive income.

### 31 BUSINESS COMBINATION (continued)

During the year ended 31 December 2024, the outstanding consideration payable of HK\$3,648,000 regarding the Acquisition of 12% HNH's equity interests was settled.

In connection with the Acquisition, Million Effort and the Seller also entered into a call option and put option arrangement, pursuant to which Million Effort has the right to require the Seller to sell up to all its remaining equity interests, and the Seller has the right to require Million Effort to purchase up to all its remaining equity interests within 18th month to 24th month after the Acquisition. The exercise price of both options are the same at HK\$6,840,000 in cash. The present value of the redemption liability of HK\$6,084,000 has been recognised in the consolidated statement of financial position within other payables and accruals as at 31 December 2023.

The call option and the put option would result in a transfer of the risks and rewards of ownership of the 9% equity interests in HNH from the Seller to Million Effort. Hence, the Group consolidated HNH based on 70% equity interests after the Acquisition, being 61% equity interests held by Million Effort and 9% equity interests to be acquired upon exercise of the option.

On 28 March 2024, Million Effort and the Seller further entered into another sale and purchase agreement pursuant to which the Seller sold all its remaining equity interests in HNH to Million Effort for an aggregate consideration of HK\$6,840,000 and completed the transaction on the same day. During the year ended 31 December 2024, HK\$4,104,000 of the balance was settled, and the remaining outstanding balance of HK\$2,736,000 was recognised within other payables and accruals as at 31 December 2024.

## 32 RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the Group entered into the following material related party transactions.

	Notes	2025 HK\$'000	2024 HK\$'000
Sale of products:			
Associate:			
– CWA Group	(v)	76	545
Shareholders:			
– China Resources Pharmaceutical Group Limited (“CR Pharmaceutical”) and its subsidiaries and an associate (together, “CR Pharmaceutical Group”)	(i)	167	18,485
Companies controlled by the Controlling Shareholder:			
– Talent Smart Holdings Limited and its subsidiaries (together, “Talent Smart Group”)	(ii)	38	28
Purchase of products:			
Shareholders:			
– CR Pharmaceutical Group	(i)	–	8,029
– Jacobson Medical (Hong Kong) Limited and its subsidiaries (together, “JBM Group”)	(iv)	242,819	–
An associate company of CR Pharmaceutical Group:			
– Dong-E-E-Jiao Co., Ltd.	(i)	2,678	–
Companies controlled by the Controlling Shareholder:			
– Talent Smart Group	(ii)	16,117	9,808
Service expense:			
Associate:			
– CWA Group	(vi)	721	6,006
Payments made on behalf of:			
Joint ventures:			
– Fancy Summit Inc. and its subsidiaries	(iii)	–	23

## 32 RELATED PARTY TRANSACTIONS (continued)

### (a) (continued)

During the year, the Group leased properties from the Controlling Shareholder for warehouse and carpark use. The monthly lease payable was determined on a basis mutually agreed by both parties with reference to the prevailing market rent of similar properties located at the surrounding area available to independent third parties. Right-of-use assets of HK\$3,409,000 (2024: HK\$6,818,000) and lease liabilities of HK\$3,514,000 (2024: HK\$6,922,000) in respect of the leases were recognised in the consolidated statement of financial position as at 31 December 2025.

During the year, depreciation of right-of-use assets of HK\$3,409,000 (2024: HK\$3,409,000) and an interest expense on the lease liabilities of HK\$156,000 (2024: HK\$259,000) was charged to the consolidated statement of profit or loss and other comprehensive income.

#### *Notes:*

- (i) The sales to and purchase of products from CR Pharmaceutical Group were transacted pursuant to the terms and conditions mutually agreed between the Company and CR Pharmaceutical Group.
- (ii) The sales to and purchase of products from Talent Smart Group were transacted pursuant to the terms and conditions mutually agreed between the Company and Talent Smart Group.
- (iii) The amounts represent expenses paid on behalf of the related parties during the year ended 31 December 2024.
- (iv) The purchase of products from JBM Group, a group controlled by the same ultimate beneficial owner of Jacobson Group, were transacted pursuant to the terms and conditions mutually agreed between the Company and JBM Group.
- (v) The sales to CWA Group during the period before it became a wholly owned subsidiary of the Group on 1 March 2025 were made at a mutually agreed price.
- (vi) Service expense payable to CWA Group before it became a wholly owned subsidiary of the Group on 1 March 2025 were transacted at a rate mutually agreed between the two parties.

## 32 RELATED PARTY TRANSACTIONS (continued)

## (b) Outstanding balances with related parties

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Trade receivables</b>			
Trade receivables due from			
– CR Pharmaceutical Group	(i)	459	161
– Talent Smart Group	(i)	36	8
– CWA Group	(i)	–	18,326
		<b>495</b>	<b>18,495</b>
<b>Amounts due from</b>			
– Talent Smart Group	(i)	–	1,727
– CWA Group	(i)	–	47,297
		<b>–</b>	<b>49,024</b>
<b>Trade payables</b>			
Trade payables due to			
– CR Pharmaceutical Group	(i)	150	–
– Talent Smart Group	(i)	1,557	3,196
– CWA Group	(i)	–	7,680
– JBM Group	(ii)	105,508	–
		<b>107,215</b>	<b>10,876</b>

## Notes:

- (i) As at 31 December 2025, these balances are unsecured, interest-free and repayable/recoverable on demand (2024: same).
- (ii) As at 31 December 2025, the balances with JBM Group are unsecured, interest-free and with a credit period of 90 days (2024: Nil).

- (c) The Group and CWA Group continue to share the utilisation of the existing banking facilities as agreed. As at 31 December 2024, the CWA Group's bank borrowings of HK\$141,696,000 were secured by guarantees provided by the Group. Certain of the Group's property, plant and equipment with net carrying value of approximately HK\$12,510,000 were pledged to secure bank loans of HK\$331,000 granted to CWA Group.
- (d) The compensation of key management personnel of the Group during the year is disclosed in note 9 and note 33 to the consolidated financial statements.

### 33 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 HK\$'000	2024 HK\$'000
Fees	630	540
Other emoluments:		
Salaries, allowances and benefits in kind	3,691	3,725
Pension scheme contributions (defined contribution scheme)	18	18
	3,709	3,743
	4,339	4,283

#### (a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2025 HK\$'000	2024 HK\$'000
Mr. Chung Siu Wah	180	180
Ms. Chan Ka Lai Vanessa	180	180
Mr. Mak Chung Hong	180	180
	540	540

During the year ended 31 December 2025, none of the independent non-executive directors waived emoluments (2024: None).

There were no other emoluments payable to the independent non-executive directors during the year (2024: None).

## 33 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

## (b) Executive directors, non-executive directors and the chief executive

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
<b>2025</b>				
<b>Executive director and Chairman</b>				
Mr. Wong Ka Chun, Michael	180	3,691	18	3,889
<b>Non-executive directors</b>				
Ms. Liang Yan	-	-	-	-
Mr. Hu Yang (appointed on 10 January 2025 and resigned on 1 July 2025)	-	-	-	-
Mr. Cao Ran (appointed on 1 July 2025)	-	-	-	-
Mr. Ng Kwan Ho (appointed on 1 July 2025)	90	-	-	90
Mr. Cao Weiyong (resigned on 10 January 2025)	-	-	-	-
Ms. Li Ka Wa Helen	180	-	-	180
Mr. Lau Ka On David	180	-	-	180
	<b>630</b>	<b>3,691</b>	<b>18</b>	<b>4,339</b>

### 33 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

#### (b) Executive directors, non-executive directors and the chief executive (continued)

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
<b>2024</b>				
<b>Executive director and Chairman</b>				
Mr. Wong Ka Chun, Michael	180	3,725	18	3,923
<b>Non-executive directors</b>				
Ms. Chong Yah Lien (resigned on 1 September 2024)	–	–	–	–
Ms. Liang Yan (appointed on 1 September 2024)	–	–	–	–
Mr. Cao Weiyong (resigned on 10 January 2025)	–	–	–	–
Ms. Li Ka Wa Helen	180	–	–	180
Mr. Lau Ka On David	180	–	–	180
	540	3,725	18	4,283

During the year ended 31 December 2025, none of the directors waived emoluments (2024: None).

The emoluments of the executive director shown above were for his services in connection with the management of the affairs of the Group. The non-executive directors' emoluments shown above were for their services as directors of the Company. All of their emoluments disclosed above include those for services rendered by them in such roles.

During the year, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2024: none).

#### (c) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## 34 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

		2025	2024
	<i>Notes</i>	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Investment in a subsidiary	<i>(i)</i>	480,000	480,000
Prepayments		–	12
		<b>480,000</b>	<b>480,012</b>
<b>Current assets</b>			
Prepayments, deposits and other receivables		3,917	3,914
Amounts due from subsidiaries		281,517	13,048
Amounts due from related parties		–	240,368
Cash and bank balances		377	2,003
Total current assets		<b>285,811</b>	<b>259,333</b>
<b>Current liabilities</b>			
Other payables and accruals		626	61
Bank borrowings		51,000	67,000
Total current liabilities		<b>51,626</b>	<b>67,061</b>
Net current assets		<b>234,185</b>	<b>192,272</b>
Total assets less current liabilities		<b>714,185</b>	<b>672,284</b>
Net assets		<b>714,185</b>	<b>672,284</b>
<b>Equity</b>			
Issued capital	<i>28</i>	8,940	8,000
Reserves	<i>(ii)</i>	705,245	664,284
<b>Total equity</b>		<b>714,185</b>	<b>672,284</b>

*Notes:*

(i) Details of the principal subsidiaries are disclosed in Note 16.

### 34 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Notes: (continued)

(ii) A summary of the Company's equity is as follows:

	Share premium HK\$'000	Contribution surplus HK\$'000	Shares held under share award scheme HK\$'000	Share-based payments HK\$'000	Retained earnings HK\$'000	Total HK\$'000
As at 1 January 2024	231,772	479,899	(30,768)	6,215	16,083	703,201
Profit for the year	-	-	-	-	16,109	16,109
Final 2023 dividend	-	-	-	-	(28,000)	(28,000)
Acquisition of shares for share award scheme (Note 29(b))	-	-	(47,600)	-	-	(47,600)
Vesting of shares under share award scheme	(907)	-	3,562	17,919	-	20,574
As at 31 December 2024 and 1 January 2025	<b>230,865</b>	<b>479,899</b>	<b>(74,806)</b>	<b>24,134</b>	<b>4,192</b>	<b>664,284</b>
Profit for the year	-	-	-	-	66	66
Issuance of shares	46,060	-	-	-	-	46,060
Acquisition of shares for share award scheme (Note 29(b))	-	-	(11,615)	-	-	(11,615)
Vesting of shares under share award scheme	11,946	-	13,586	(19,082)	-	6,450
As at 31 December 2025	<b>288,871</b>	<b>479,899</b>	<b>(72,835)</b>	<b>5,052</b>	<b>4,258</b>	<b>705,245</b>

Note:

The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Reorganisation, over the nominal value of the Company's shares issued in exchange thereof. Pursuant to the Cayman Islands company law, a company may make distributions to its members out of the contributed surplus in certain circumstances.

### 35 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	<i>Notes</i>	<b>2025</b> <b>HK\$'000</b>	2024 HK\$'000
<b>Financial assets</b>			
Financial assets at amortised cost			
– Deposits and other receivables	<i>18</i>	<b>89,539</b>	114,001
– Amounts due from related parties	<i>20</i>	–	49,024
– Trade receivables	<i>21</i>	<b>296,945</b>	270,635
– Cash and cash equivalents	<i>22</i>	<b>70,337</b>	34,020
		<b>456,821</b>	467,680
<b>Financial liabilities</b>			
Liabilities at amortised cost			
– Trade payables	<i>23</i>	<b>146,878</b>	132,321
– Other payables and accruals	<i>24</i>	<b>34,070</b>	38,620
– Bank borrowings	<i>25</i>	<b>310,384</b>	270,296
– Loans from shareholders	<i>26</i>	<b>101,882</b>	50,000
– Lease liabilities	<i>14</i>	<b>15,788</b>	10,683
		<b>609,002</b>	501,920

## 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

This note provides a list of other potentially material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 36.1 SUBSIDIARIES

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 36.3).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

### 36.2 EQUITY ACCOUNTING

#### *(i) Associated companies*

Associated companies are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associated companies are accounted for using the equity method of accounting (see (ii) below), after initially being recognised at cost.

## 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 36.2 EQUITY ACCOUNTING (continued)

#### (ii) *Equity method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the statement of profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividend received or receivable from associated companies are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in this entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investment is tested for impairment in accordance with the policy described in Note 36.8.

## 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 36.2 EQUITY ACCOUNTING (continued)

#### *(iii) Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control or joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the income statement. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

### 36.3 BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary

## 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 36.3 BUSINESS COMBINATIONS (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired equity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

## 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 36.4 SEPARATE FINANCIAL STATEMENTS

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

### 36.5 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Director that make strategic decisions.

### 36.6 FOREIGN CURRENCY TRANSLATION

#### (a) *Functional and presentation currency*

Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the group entities operate (**"the functional currency"**). The consolidated financial statements are presented in HK\$, which is the Company's functional and the Group's presentation currency.

#### (b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss and other comprehensive income within finance costs. All other foreign exchange gains and losses are presented in the profit or loss on a net basis within "other gains, net".

## 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 36.6 FOREIGN CURRENCY TRANSLATION (continued)

#### *(b) Transactions and balances (continued)*

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary financial assets and liabilities such as equities held at FVPL are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equity classified as fair value through other comprehensive income is recognised in other comprehensive income.

#### *(c) Group companies*

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to the profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

## 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 36.7 PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss.

### 36.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 36.9 INVESTMENTS AND OTHER FINANCIAL ASSETS

#### (a) *Classification*

The Group classifies its financial assets as follows:

- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### (b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### (c) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories to classify the debt instruments of the Group:

##### (i) *Assets carried at amortised cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the profit or loss. Impairment losses are presented as separate line item in the profit or loss.

## 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 36.9 INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

#### (c) Measurement (continued)

##### *Debt instruments (continued)*

#### (ii) Assets measured at FVPL

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the profit or loss and presented net within “other gains, net” in the period in which it arises.

#### (d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9 Financial Instruments (“**HKFRS 9**”), which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment on other financial assets is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

### 36.10 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

## 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 36.11 TRADE RECEIVABLES

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 21 for further information about the Group's accounting for trade receivables and Note 3.1(b) for a description of the Group's impairment policies.

### 36.12 CASH AND CASH EQUIVALENTS

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks, with original maturities of three months or less. Bank overdrafts are shown within bank borrowings in current liabilities in the consolidated statement of financial position.

### 36.13 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as shares held under share award plan until the shares are cancelled.

### 36.14 TRADE AND OTHER PAYABLES

Trade and other payables are liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 36.15 BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss as financial costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### 36.16 BORROWING COSTS

Borrowing costs are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred.

### 36.17 CURRENT AND DEFERRED INCOME TAX

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Current and deferred tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.



## 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 36.17 CURRENT AND DEFERRED INCOME TAX (continued)

#### (a) *Current income tax*

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the jurisdictions where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

#### (b) *Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

#### (c) *Offsetting*

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 36.18 EMPLOYEE BENEFITS

#### (i) *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

#### (ii) *Pension obligations*

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "**Pension Scheme**") set up pursuant to the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated income statement as they become payable in accordance with the rules of the Pension Scheme. The assets of the Pension Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed to the Pension Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to vesting fully in the contributions, in accordance with the rules of the Pension Scheme.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

In addition, pursuant to the government regulations in the PRC, the Group is required to contribute an amount to certain retirement benefit schemes based on certain percentages of the wages for the year of those employees in the PRC. The local municipal government undertakes to assume the retirement benefits obligations of those employees of the Group. Contributions to these retirement benefits schemes are charged to the profit or loss as incurred. Certain defined benefit schemes require employees to contribute to reduce the cost of the benefits to the Group. Contributions from employees are linked to service and hence, the contributions reduce service cost. The Group attributes the contributions from employees to periods of service on a straight-line basis.

## 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 36.18 EMPLOYEE BENEFITS (continued)

#### *(iii) Profit-sharing and bonus plans*

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

### 36.19 SHARE-BASED PAYMENTS

#### *Equity-settled share based payment transactions*

The Group operates an equity-settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (share awards) of the Group. The fair value of the employee services received in exchange for the grant of the share awards is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the share awards granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of the share awards that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

The grant by the Group of the share awards to the employees of subsidiaries undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity.

## 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 36.20 PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for the future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 36.21 LEASES

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed lease payments. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

## 36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 36.21 LEASES (continued)

To determine the incremental borrowing rate, the Group, where possible, uses recent third-party financing received by the Group as a starting point, adjusted to reflect changes in financing conditions since third party financing was received and makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

### 36.22 DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholder is recognised as a liability in the Group's consolidated financial statements and the Company's separate financial statement in the period in which the dividends are approved by the Company's shareholder or directors, where appropriate.

## **36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)**

### **36.23 GOVERNMENT GRANTS**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Note 6 provides further information on how the Group accounts for government grants.

### **36.24 INVESTMENT IN AN INSURANCE CONTRACT**

The insurance contract of the Group includes both investment and insurance elements. The investment in an insurance contract is initially recognised at the amount of the premium paid and subsequently carried at the amount that could be realised under the corresponding insurance contract (cash surrender value) at the end of each reporting period, with changes in value being recognised in profit or loss.

# Financial Summary

## Year ended 31 December

	2025	2024	2023	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>REVENUE</b>	<b>1,096,637</b>	876,037	1,198,649	1,186,185	888,872
<b>GROSS PROFIT</b>	<b>270,036</b>	232,655	321,102	261,538	151,701
Profit/(loss) before tax	<b>17,472</b>	5,461	317,696	50,367	(17,498)
Profit/(loss) for the year	<b>15,484</b>	6,027	297,323	43,631	(17,402)
Profit/(loss) attributable to:					
Equity holders of the Company	<b>15,670</b>	3,240	297,319	43,750	(18,816)
Non-controlling interests	<b>(186)</b>	2,787	4	(119)	1,414

## As at 31 December

	2025	2024	2023	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>ASSETS</b>					
Non-current assets	<b>334,799</b>	232,345	322,393	182,465	188,759
Current assets	<b>835,464</b>	773,218	666,558	829,652	692,704
Total assets	<b>1,170,263</b>	1,005,563	988,951	1,012,117	881,463
<b>LIABILITIES</b>					
Non-current liabilities	<b>28,096</b>	7,463	12,290	4,180	4,997
Current liabilities	<b>596,939</b>	509,143	433,115	714,777	615,204
Total liabilities	<b>625,035</b>	516,606	445,405	718,957	620,201
<b>NET ASSETS</b>	<b>545,228</b>	488,957	543,546	293,160	261,262